# FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,864 — Tuesday May 15 1979

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 20p




## NEWS SUMMARY

### GENERAL

## UK to urge NATO boost

The Government gave a clear signal to its NATO partners that it would play a central role in plans to strengthen the alliance's nuclear forces in western Europe.

Mr. Francis Pym, UK Defence Secretary, made no firm commitments in his first meeting with European colleagues but stressed the need for "urgent, collective action."

The British view is shared by West Germany and a period of intensive bilateral consultations is expected. Page 3

### Thorpe 'knew of gunman'

Former Liberal leader Jeremy Thorpe knew that his close friend, David Holmes, had hired a gunman to kill Norman Scott, Thorpe's alleged lover, it was claimed at the Old Bailey.

Peter Bessell made the claim in evidence at the start of the second week of the trial in which Thorpe and three other men have denied conspiracy to murder. Mr. Thorpe has denied he had a homosexual relationship with Norman Scott.

### Howe 'astonished,

Chancellor Sir Geoffrey Howe said in Brussels that he viewed the rise in the cost of EEC membership with "a sense of astonishment" which he believed ought to be shared by other members of the Community. Back Page

### Spy aircraft bid

The U.S. is seeking permission to use high-flying spy aircraft in Turkish air space to monitor Soviet nuclear weapon tests, the Turkish foreign ministry announced.

### Namibia move

South Africa's Administrator-General in Namibia (South West Africa) proclaimed a National Assembly in the territory, describing it as a vital step on the road to independence. Page 4

### Killing witness

The woman known as Kathy who has telephoned police investigating the killings of Derbyshire teenagers Lorraine Underwood and Peter Thomson several times has now told them she witnessed the murders.

### Dearer milk

The price of milk is expected to increase by 1p a pint—possibly next month—to prevent the dairy industry running into serious losses by the end of the year. Page 10

### Cyclone toll

The death toll from the cyclone and floods which hit the south-east Indian coast rose to 102 but the final count could be much higher. Rescue workers are still trying to reach many flooded villages.

### Nicaragua loan

The International Monetary Fund approved a $66m loan for Nicaragua to provide balance of payments financing, the U.S. Treasury announced in Washington.

### Cooling off

Britain's heatwave is expected to end today with cloud and rain sweeping down from the north, reaching London by dusk. In London yesterday temperatures reached 27C (81F) making it the capital's hottest day since July 1977.

### Briefly ...

Woman shot and wounded two people and hit three others with a steel pipe before being overpowered at Los Angeles airport.

Lion mauled to death a 12-year-old boy in a Melbourne game park.

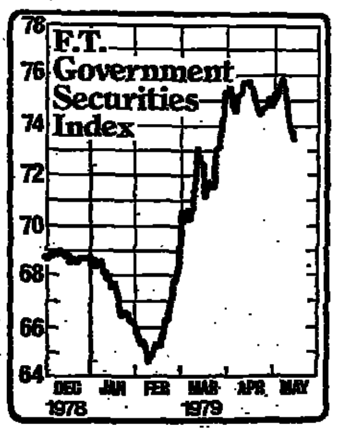
Two people were killed and 28 injured by a bomb blast in Tiberias on the Sea of Galilee.

### BUSINESS

## Inflation fears depress Gilts

● EQUITIES reacted to a scarcity of buyers, and the FT ordinary index reached its lowest at noon, for an 8.1 fall. Better-than-expected figures from Unilever steadied the index to close 7.4 down at 525.4.

● GILTS were lower on fears of further inflation ahead and the Government Securities index fell 0.36 to 73.62.




● STERLING rose 10 points to $2.0440 but its trade-weighted index eased to 66.1 (66.2). The dollar's index eased to 85.9 (86.0).

● GOLD rose $1½ to $251¾ in London. The IMF has said it will reduce the amount of gold sold at monthly auctions to 444,000 ounces from June.

● WALL STREET was 3.46 down at 827.10 just before the close.

● COUNCIL for the Securities Industry, the City's new self-regulatory body, is to charge 60p on transactions conducted in UK securities.

● NEW YORK STATE Assembly is to consider banning foreign acquisitions of banks over a certain size, in response to the Hong Kong and Shanghai Banks' bid to acquire 51 per cent of Midland Marine of New York. Back Page

● BANK of Adelaide has been advised by the Australian Reserve Bank, the country's central bank, to seek a merger in order to overcome the problems of its finance offshoot, the Finance Corporation of Australia. Back Page

● TRIBUNAL inquiring into losses of more than £200m incurred by the Crown Agents after its involvement in secondary banking and property between 1967 to 1974, is to hear evidence later this week from Mr. Alan Challis, a former Crown Agents finance director. Page 19

● EEC COMMISSION predicts that the Community's deficit on trade with Japan could rise to more than $8bn (£3.9bn) this year from $6.4bn in 1978. Back and Page 18

● CHINA and the U.S. have initialled a mutual trade agreement which establishes formal commercial relations between them for the first time for 30 years. Page 6

● BUILDING SOCIETY receipts last month reached their highest level since last October, with net receipts of £343m against £257m in March. Page 11

### LABOUR

● ACAS has been told by the Appeal Court that it should proceed with a union recognition investigation at GEC Reactor Equipment without awaiting the outcome of legal action against the TUC. Page 13

● NUPE conference next week is expected to reject Conservative plans for reaching "no strike" agreements with unions in vital public services. Page 13

### COMPANIES

● UNILEVER has raised profit by 33 per cent in the first quarter of 1979 to £60.7m. Page 28 and Lex

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Aberdeen Construc. | 93 | + 4 |
| Brent Walker | 86 | + 5 |
| Caplan Profile | 250 | + 12 |
| Corn Exchange | 297 | + 45 |
| Currys | 204 | + 6 |
| Derltend | 172 | + 10 |
| Mackay (Hugh) | 55 | + 4 |
| Milletts Leisure | 192 | + 8 |
| Polymark | 60 | + 4 |
| Watts Blake | 175 | + 15 |
| Anglo-Vaal | £13 | + 1 |
| Deelkraal | 148 | + 8 |
| Western Areas | 143 | + 11 |
| **FALLS** | | |
| Treas. 12pc 1983 | £101¾ | — ⅜ |
| Excheq. 11pc 1991 (£45pd.) | £42½ | — ½ |
| Bell (A.) | 180 | — 6 |
| Commercial Union | 168 | — 6 |
| Dunbee-Combex | 56 | — 4 |
| General Accident | 238 | — 8 |
| Grand Metropolitan | 155 | — 6 |
| Imry Property | 705 | — 20 |
| Intl. Thompson | 384 | — 11 |
| Pilkington | 375 | — 12 |
| Trust Houses Forte | 171 | — 12 |
| Tube Invs. | 412 | — 14 |
| UDS | 110 | — 4 |
| Whitbread A | 135 | — 4 |
| BP | 1110 | — 24 |
| Tricentrol | 214 | — 12 |
| RTZ | 326 | — 6 |

### Dowgate victim of chairman's misconduct—DoT report

# Keyser accused of incompetence over £21m Selmes loan

BY CHRISTINE MOIR

**Dowgate and General Investments was the victim of misconduct by its chairman, Mr. Christopher Selmes, and his fellow directors, during their takeover of Grendon Trust in 1973, according to a Department of Trade report.**

investigation, the Department's two inspectors unburdened themselves of a 371-page document which catalogues in stylishly measured tones, a tangle of lies, bribes, incompetence, self-interest and irresponsibility. It covers three public companies, two merchant banks and their assorted professional advisers.

Mr. Selmes, described as the product of an era of "asset stripping," was at the heart of the affair. But Board members of Grendon Trust, including the chairman, the Duke of St. Albans, were also at fault. Keyser Ullman, the merchant bank advising him, which "knowingly issued misleading Press statements" during the takeover, is also censured.

At least two dozen individuals incur stinging criticism in the report, and the Takeover Panel itself is criticised for "superficiality" in its own investigations at the time.

Mr. Selmes misled his company by failing to tell members that he had authorised a loan of £5.2m to CST Investments to finance the takeover of Grendon. When the deal began to collapse, he treated the assets of Dowgate and other companies as if they were his own.

But the biggest loser was Keyser Ullman, the merchant bank which through "incompetence" lent over £21m to Mr. Selmes for Grendon, and was left with a valueless personal guarantee when Grendon collapsed during the property market slump.

The inspectors lay the loss squarely at the door of KU's chairman, Mr. Edward du Cann, his vice-chairman, Mr. John Dellal and several other managing directors. Mr. Dellal admitted to the inspectors: "We had a lot of money, and the City was telling me to 'lend it out, lend itout.'"

Under this pressure, the inspectors claim, KU ignored Mr. Selmes's "unsavoury reputation and advanced him the money to take over Grendon without proper investigation, and with no effective guarantees in the case of failure."

On the other side of the bid battle stood Grendon's Board, which signed declarations not to sell to Mr. Selmes without warning, particularly as higher bids seemed in the offing from MEPC and Bovis.

Yet the chairman, the Duke of St Albans, sold his shares to Mr. Selmes without such warning, after a claim by Mr Selmes that "I have looked after your chairman."

Another director, Mr. John Bishop, at the time he signed the declaration, had already pledged his shares to another company with links with Mr. Selmes.

Other Grendon directors come under fire for their unusually high expenses, their use of a company yacht, the "Lazy Boy," and the misuse of their dual positions as stockbrokers and directors.

Mr. Selmes is criticised on almost every count; not only, along with many others, of lying to the Takeover Panel, but primarily "for the indiscriminate way in which he used

Continued on Back Page

Details, Page 8 ● Editorial comment, Page 18 ● Lex, Back Page

# Blow to Egypt as Arab arms concern is dissolved

BY OUR FOREIGN STAFF

ARAB EFFORTS to isolate Egypt economically and politically because of its peace treaty with Israel took their most serious turn so far yesterday with the announcement that the Arab Organisation for Industrialisation was to be dissolved.

The organisation was set up in 1975 with subscribed capital of $1.04bn (£473m at the exchange rates then) by Saudi Arabia, Egypt, Qatar and the United Arab Emirates, to establish an Arab arms industry primarily in collaboration with American and European companies.

The exact status of the five main contracts so far concluded by the organisation is uncertain, depending on the cash available, how far each project has already advanced, and the possibilities for Egypt obtaining alternative sources of finance to continue existing projects. The contracts at stake involve at least $1bn (£490m).

The main companies involved are American Motors, for the production of 12,000 jeeps a year; Westland and Rolls-Royce for the production of the Lynx helicopter and its Gem engine; British Aerospace for the construction of the Swingfire anti-tank guided missile; Dassault-Breguet of France for the Franco-German Alpha jet, and possibly the advanced Mirage-2000; and in the organisation's sole venture outside Egypt, Thomson CSF of France for military electronics and missile systems. The latter may well be taken over by the Saudi Defence Ministry.

Dissolution of the organisation was announced in Riyadh yesterday by Prince Sultan bin Abdel-Aziz, Saudi Arabia's Defence Minister. He said the decision to liquidate the company had been reached by the Heads of State of Saudi Arabia, Qatar and the UAE "because the signing of a peace treaty between Egypt and Israel clashed with the purpose of the establishment of the company."

Yesterday's decision brings closer the possibility that Saudi Arabia and Kuwait, which have funds totalling $1.5bn lodged with the Central Bank of Egypt, might follow the dissolution of the organisation with a withdrawal of this money. Such action would have a critical effect on confidence in Egypt's shaky economy.

Of immediate impact will be the loss of 15,000 skilled jobs in Egypt. In its first year of operations in 1977 the organisation made a profit of $44m.

The risks being run by Sadat, Page 27

# Dutch pay £15m for Gresham

BY ERIC SHORT

THE SECOND largest Dutch insurance group, N. V. AMEV, is to enter the British traditional life and pensions market with the purchase of Gresham Life Assurance Society for £15m.

Rothschilds Continuation, the co-ordinating body for the Rothschild family interests, acquired Gresham in 1973 from Legal and General Assurance. Although the price was never disclosed, it is believed to have paid about £7m so its profit on the sale may be about £8m.

The traditional life market—that sector which does not operate on the unit-linked principle — accounts for almost three-quarters of new life business.

AMEV is already in the British Unit-linked sector through its subsidiary AMEV Life Assurance, launched in 1974. It now controls funds of nearly £5m.

Holland's largest insurance group, Nationale Nederlanden, is already well-established in all types of insurance. Its traditional life subsidiary is based on its acquisition for £4m in 1969 of the Life Association of Scotland.

Gresham was established in 1848 and has a life fund of £77m with a premium income exceeding £11m a year. As the last dividend paid was £428,000 net, its yield at 2.8 per cent net is extremely low.

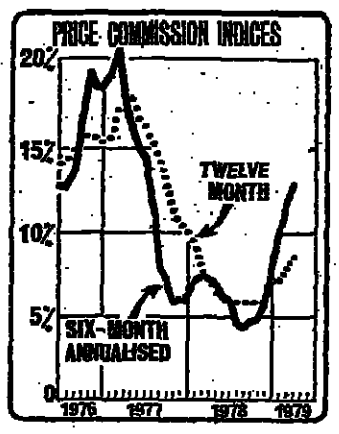
But under recent legislation, it is virtually impossible to build up a conventional life company from scratch without investing extremely heavily. The extensive financial guarantees make new business very expensive to acquire. The only means of entering the conventional life field quickly is to buy an established company. In paying £15m, AMEV is buying Gresham's sales force network covering the country and its policies. It is a leader in life protection contracts.

Rothschilds will still be involved in Gresham. Mr. Louis Ginsburg, the present chairman, and the executive directors remain and N. M. Rothchild Asset Management will continue to act as investment advisers.

## CONTENTS



*For latest Share Index phone 01-246 8026*




# Prices forecast 12.9%

By David Churchill, Consumer Affairs Correspondent

THE UPWARD TREND in the inflation rate is set to continue, according to the latest Price Commission index of the level of price rises notified to it.

The commission's index showed that the increase in prices notified to it in the six months to the end of April, expressed as an annual rate, was 12.9 per cent. The revised figure for March was 12 per cent.

As the index reflects price rises, notified by large manufacturing companies, which usually take two or three months to reach the shops, it is considered a reliable guide to the future trend in retail prices.

It suggests, therefore, that the inflation rate as expressed by the retail price index will continue to rise in the coming months.

But the rate of increase in the Price Commission's index has slowed—between February and March there was a two point rise—indicating that the upward trend will be gradual.

The retail price index for mid-April, published last week, showed a return to double-figure inflation for the first time since the end of 1977, with a 10.1 per cent increase on 12 months before.

The Price Commission's index in the past 12 months rose to 8.7 per cent in April, against 8.1 per cent the previous month. But the commission's six-month index is usually taken as a more up-to-date indicator of current price trends.

The main reason for the rise in the commission's index appears to be the continued increase in oil prices after the disruption to supplies from Iran.

**£ in New York**

| — | May 11 | Previous |
|---|---|---|
| Spot | $2.0385-0400 | $2.0520-0530 |
| 1 month | 0.23-0.18 dis | 0.33-0.28 dis |
| 3 months | 0.77-0.72 dis | 0.74-0.69 dis |
| 12 months | 2.25-2.15 dis | 2.25-2.15 dis |

# CBI opposes large public borrowing cut

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, has been advised not to make too large an immediate cut in public sector borrowing.

The warning comes in the Confederation of British Industry's revised Budget recommendations published yesterday.

The CBI calls for a broadly neutral Budget. Expansionary action is ruled out because there has been no lessening of inflationary pressures, and there is still no case for contraction because of the existing low level of demand.

The Confederation proposes cuts in income tax throughout the range, costing £1bn in the current financial year and £1.67bn in a full year. This money should be found by cuts in existing public spending plans and if this is not possible or acceptable, by increases in indirect taxes—for example, standardising value added tax at 10 per cent.

CBI leaders will meet Sir Geoffrey a week today to discuss these suggestions and their call for some indication in the Budget, expected on June 12, of medium-term fiscal policy and tax strategy.

The detailed submissions are similar to those put forward three months ago. But they reflect a note of distinct scepticism about making too many precise medium-term monetary commitments. These doubts are shared by some Treasury officials, but not by some Tory Ministers.

The CBI notes that an attempt in the Budget to cut borrowing substantially below £8.5bn, other than by selling certain Government assets, would depress demand and activity which are already much too low. This might damage industry and commerce by much more than they might benefit from the lower interest rates that could result.

On present policies the CBI estimates that public-sector borrowing would be between £8.5bn and £9bn in 1979-80.

This reflects the assumption that private and public-sector pay rises are broadly similar in the current round. The estimate is also more optimistic than that of most other leading forecasters.

Indeed the CBI argues that new information since its original Budget proposals in February suggest that there may be a greater possibility of cash limits reducing planned public spending during 1979-80. There may thus be a better chance within public-sector borrowing of £8.5bn of making these tax cuts without the £1bn increases in indirect taxes envisaged.

The CBI also argues that monetary targets should be set for no more than year ahead. "Specific longer-term targets, though superficially attractive, would be too much of a hostage to fortune." Annual targets should be periodically reviewed—say every six months—and then adhered to in all but very exceptional circumstances.

# Power men reject 14%

BY PAULINE CLARK AND PHILIP RAWSTORNE

THE GOVERNMENT was faced yesterday with the threat of problems with one of the most powerful industrial groups when a ballot of 96,000 power workers overwhelmingly threw out a 14 per cent pay offer.

The rejection of the offer and the handling of the teachers' pay dispute appear to have been the central issues discussed at a meeting yesterday of Ministers in Downing Street. It was called by Mrs. Margaret Thatcher, to review wage claims still outstanding in the current pay round.

Other claims which could pose some problems for the Government, particularly after the increases awarded to the police and armed forces, were also considered, including those from the construction workers, post and telecommunications staff and local government officers.

The Ministers who attended yesterday's meeting were Mr. William Whitelaw, Home Secretary; Sir Keith Joseph, Industry Secretary; Mr. James Prior, Employment Secretary; Mr. Peter Walker, Minister for Agriculture; Mr. John Nott, Trade Secretary; Mr. David Howell, Energy Secretary; Mr. John Biffin, Chief Secretary to the Treasury; Lord Carrington, Foreign Secretary; and Lord Soames, Lord President of the Council. The group, which is evenly balanced between monetarists and former adherents of incomes policy, seems likely to form the Cabinet committee which will handle future pay questions.

The power workers' three-to-one rejection in a postal ballot of the Electricity Council's offer of a 9 per cent increase on basic rates plus consolidation of some bonus payments by October 1980 and other fringe improve-

Continued on Back Page

Civil servants reject secret ballot, Page 12

# Turkey's industrialists declare war on Ecevit

BY METIN MUNIR IN ANKARA

TURKEY'S top industrialists and businessmen have publicly declared war on Mr. Bulent Ecevit, the Prime Minister, with the apparent intention of helping to bring about his Government's downfall.

The businessmen made their move at the weekend, as a result of what looks like the complete disenchantment of Turkish tycoons with Mr. Ecevit's policies, which they find hostile to free enterprise.

The attack came on two fronts: TUSIAD, the powerful Association of Turkish Industrialists and Businessmen, launched a Press campaign with full-page advertisements condemning Mr. Ecevit's policies.

Simultaneously, representatives of industry chambers meeting in Istanbul charged the Government with trying to destroy free enterprise. Behind both moves are the most illustrious industrialists in Turkey, including Vehbi Koc, Sakip Sabanci, Nejat Eczacibasi and Halit Narin, as well as about a hundred others.

The Istanbul gathering charged Mr. Ecevit with trying to "destroy free enterprise." This, it was claimed, was the "principal cause" of Turkey's economic crisis, now in its third year.

The newspaper advertisements—published with the permission of the martial law authority—condemned the Government's policies and maintained that the only way out for Turkey was the "mixed economic system" of private and public sectors.

Doubt was also expressed about the Government's ability to raise loans.

Industrial officials said the industrialists do not believe Mr. Ecevit has the right approach towards containing the recession. They are particularly unhappy about what they consider to be the expansion of the public sector.

More than two weeks ago, Mr. Ecevit alienated DISK, the left-wing Confederation of the Revolutionary Trade Unions, when his generals jailed the DISK leaders after the May Day rally.

These, and many similar developments, have led observers to express doubts about the Government's stability, and may have adverse effects on the loan agreements being negotiated with the International Monetary Fund, the Organisation for Economic Co-operation and Development, and international banks.

# Belgium expected to float $2bn foreign loan

By Giles Merritt in Brussels

THE BELGIAN Government is expected to anounce soon that it will float a massive foreign loan in late September to help finance the growing State deficit and the investment programme for such ailing industries as steel.

The Belgian loan, according to a number of informed Brussels bankers, would probably be for $2bn and would would command an interest rate of around ½ per cent over the London Eurodollar interbank rate, which is comparable to the interest rate available to long-term borrowings by, say, France or the UK.

The Belgian authorities, who last week formally returned to the international markets after a 10-year absence and raised BFrs 6bn (£95.23m) in short-term Deutsche Mark and Swiss franc loans, are understood to have considered the possibility of denominating the forthcoming loan in ECUs. But it appears that use of the European Currency Unit, which is in effect a basket of the currencies in the European Monetary System (EMS), was thought to involve a higher interest.

The long-term Belgian loan is therefore likely to be raised in dollars, following the calculation being made in Brussels that any further appreciation of the U.S. dollar wil level off during the summer and the currency will become sufficiently stable for a major borrowing in the early autumn.

The planned loan is expected to replace the domestic borrowing that the Belgian Government is due to make for a similar amount in September-October. There are normally three such large loans every year, and in January the State raised about BFrs 62bn while the second such eight-year borrowing is due to open on May 17 with a similar amount to be raised at 9 per cent.

Belgium's Finance Minister, M. Gaston Geens has confirmed that a shortfall of some BFr 85m currently exists between the Public Sector Borrowing Requirements for 1979 of BFr 335bn and the amount the domestic market seems capable of supplying.

# Italy's radicals promise a surprise

BY PAUL BETTS IN ROME

IN BAD VOICE after addressing 11 electoral rallies in Sicily in 30 hours, Sig. Marco Pannella, the unconventional leader of the equally unconventional Radical Party, yesterday claimed that his party would pull off the biggest surprise in the Italian general election next month.

Judging from some opinion polls and from the intense irritation of the Communists, with the Radicals, the small left-wing human rights and social reform movement is likely to triple its seats in the next Parliament.

Since they broke into Parliament with four seats—the so-called "Gang of Four"—at the last elections in June, 1976, the Radicals appear to have gained some respectability despite their often eccentric methods.

During the past few years they have had a considerable impact on Italian society, which is bored with the traditional parties and their apparent inability to give the country a stable and lasting Government.

Despite their small size, they have campaigned successfully and with determination to introduce legislation on divorce and abortion, and have supported a wide range of causes, from women's liberation and homosexual rights to the protection of the environment.

In Italy's multi-party system, what distinguishes the Radicals from other groups on the left is their lack of any official doctrine,

Sig. Pannella claimed yesterday that his party sought to establish a strong alternative left-wing force which could Govern Italy with the Christian Democrats in opposition, in the spirit of the Italian constitution.

In so doing, he denounced the Community Party's policy of the so-called "historic alliance" between Communists and Christian Democrats, as well as the other extreme left-wing movements, which, in his words, often "emerge out of the Communist church after dropping out of the Roman Catholic Church as self-professed exterminating angels of society."

It is the emphasis on human rights, pacifism and criticism of the conventional political forces and militant extremists which is, perhaps, at the root of the Radical Party's revival.

Indeed, the party has attracted to its electoral list former Communist Deputies, an ex-nun, and some of Italy's leading cultural personalities including Sig. Leonardo Sciascia, who after resigning as a Communist councillor in Palermo has been a fierce critic of the Communist Party.

But the Radicals, and particularly Sig. Pannella, have not limited themselves to attracting the votes of the conventional Left.

Sig Pannella has been quick to seize on the potentially high protest vote indicated last year in local elections and a referendum against the public financing of political parties.

Whatever the outcome of the elections, the Radicals are undoubtedly winning considerable sympathy. Ask any Rome taxi driver—a peculiarly individualistic group — and he will tell you: "Pannella is a good guy."

Sig. Marco Pannella, leader of the Radical Party

# New pay offer for striking Irish postmen

By Our Dublin Correspondent

IRELAND'S Post Office workers' three-months' old strike has escalated seriously with several scuffles between members of the Post Office union and the police.

However, there was hope of a break in the dispute as Mr. Faulkner, Minister for Transport and Power, made the Post Office workers a new pay offer. The Post Office union has argued that the pay structure within the Post Office was unfair and out of date.

The strike has had a crippling effect on all sectors of the economy, especially exports and tourism.

Tourism, one of Ireland's main sources of foreign exchange, has been badly hit by the strike and bookings are down on previous years, according to tourist operators.

## Yugoslav earthquake

A strong earth tremor, the third in four days, shook the southern Adriatic region of Yugoslavia yesterday, damaging buildings but causing no casualties, according to first official reports, Reuter reports from Belgrade.

# UK farm policy outlined

BY MARGARET VAN HATTEM IN BRUSSELS

BRITAIN PRESENTED a conciliatory face to its EEC partners yesterday, as Mr. Peter Walker made his public debut here in Perpignan as Britain's Agriculture Minister.

He was speaking to a group of French journalists about the Conservative Government's attitude to the coming farm price negotiations.

Mr. Walker quickly dissociated himself from his predecessor, Mr. John Silkin, who had taken a tough line on freezing prices of all farm produce in surplus, as long as the surpluses remain. The freeze was proposed by the EEC Commission, he pointed out.

He did not threaten to block attempts by other member states to raise common farm prices. Nor did he refer to the massive outflow of funds from Britain to maintain the notorious "mountains."

Mr. Walker simply said he had not yet made up his mind, and was prepared to listen to all the arguments. He would then make up his mind commodity by commodity.

# EEC acts on aerosols

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

THE EUROPEAN Commission has called on EEC Governments to reduce the use of chlorofluorocarbons in aerosol sprays, between now and the end of 1981, to 30 per cent below the level prevailing in 1976.

The proposal, which may be discussed by EEC Environment Ministers at their next meeting in Luxembourg on June 19, is inspired by growing concern about the chemical's possible harmful effect on the environment.

The Commission brings no new evidence to the debate about the effects of aerosol sprays, although it notes that scientific finding suggest that heir widespread use can deplete the ozone layer, which forms a protection against damaging ultra-violet rays.

It proposes, subject to approval by the Council of Ministers, that the nine EEC members should agree for the next few years to prohibit any increase in industrial capacity for producing chlorofluorocarbons.

# Bonn Cabinet prepares N-plant strategy

BY ROGER BOYES IN BONN

THE WEST German Government yesterday held a special session of its "nuclear council" to prepare a common strategy on the controversial plans for a nuclear fuel reprocessing and waste disposal plant at Gorleben in Lower Saxony.

A decision on the plant is expected to be announced today by Herr Ernst Albrecht, the Christian Democrat State Premier in Lower Saxony. Herr Albrecht has to decide, on the basis of a lengthy public hearing last month, whether to allow exploratory work to continue and whether existing plans are acceptable "in principle."

The Federal Cabinet will discuss Herr Albrecht's decision on Wednesday but the "nuclear council," which groups those ministers most closely concerned with energy policy, will have to tackle some of the most fundamental issues first.

It is believed that Herr Albrecht reached a compromise agreement with Bonn during talks with Chancellor Helmut Schmidt earlier this month. This would involve a postponement of plans for a spent fuel reprocessing plant and underground storage facilities but it would also give the go-ahead for the construction of an "interim" spent fuel storage pond, pending a more thorough geological investigation of the area. There would also be further research into new techniques for vitrifying fission products.

The Gorleben affair—and the question of nuclear power in general—has opened up considerable rifts within the ruling coalition parties, the Social Democrats (SPD) and the Free Democrats (FDP). The nuclear incident at Harrisburg in the U.S. reinforced last weekend by a small fire at a power station outside Munich has strengthened the hand of the anti-nuclear lobby both within the parties and outside parliament.

Criticism of the Gorleben plans has now unexpectedly come from the trade unions which have traditionally defended the need for nuclear power with its rich employment possibilities. A key union leader, Herr Heinz Kluncker of the public services union, stated in a report issued at the weekend the nuclear option should be foregone if there were serious doubts about safety. Herr Kluncker stressed that the unions were not dogmatically opposed to the peaceful use of nuclear power but that safety was the principal measure.

The union approach to the nuclear issue reflects what many SPD politicians have been saying over the past month. The SPD in Lower Saxony—the opposition party in the state legislature—has announced that no investment decision should be taken until the suitability of the waste storage facilities—(in underground salt caverns) has been proved beyond doubt. As that would need test drillings to a depth of 2,000m, this could mean a delay of several years.

# E. Berlin expels TV man

BY LESLIE COLITT IN BERLIN

RELATIONS BETWEEN East and West Germany have deteriorated further following the expulsion from East Berlin of a West German television correspondent for broadcasting a statement by a prominent East German writer who is critical of the Government.

Nearly all East Germans watch West German TV and much of the information about their own country stems from West German correspondents.

The West German Government spokesman has called the move a clear violation of the final act of the 1975 Helsinki agreement while East Germany has cancelled a meeting scheduled for Wednesday between East and West German officials.

The newly-arrived correspondent for West Germany's second TV channel, Herr Peter van Loyen, was told by an East German Foreign Ministry official that his broadcast over the week-end violated East Germany's new journalist regulations, which forbid interviews with East Germans without prior government approval.

The TV broadcast in the West German evening news consisted of a statement by Herr Stefan Heym, the East German novelist, after criminal proceedings were begun against him and Prof. Robert Havemann, another well-known critic of the Communist government for alleged currency violations.

Herr Heym, 66, is a former naturalised American who went to East Germany as a convinced Marxist in the early 1950s.

In recent years he has been unable to publish in East Germany and has had his works appear in West Germany, Britain and the U.S.

The East German author condemned the Government for trying to "criminalise" him and said it was actually attempting to extend censorship and trying to force him to leave the country. He said, however, that he would not voluntarily leave the country.

Herr Heym was questioned twice by East German customs officials after his latest book appeared in West Germany. One of its protagonists is an East German State security official.

# Austrian interest row reopened

By Paul Lendvai in Vienna

LEADING AUSTRIAN bankers have started a public dispute about the future shape of interest rates on savings deposits, only two months after the conclusion of an agreement on the issue.

Several prominent bankers, including Dr. Hellmuth Klauhs, Director-General of the GZB, the central institute of the farmers' credit co-operatives, and Dr Wolfgang Erndl, chairman of the board of the Oesterreichische Laenderbank, have spoken out in favour of revising the agreement. They want a ceiling to be set on the sums which can be withdrawn from ordinary savings accounts at any one time, the point being that many companies use a savings deposit as a kind of sight deposit.

The money is available on demand, yet the going rate on savings deposits is 4 per cent while bank sight deposits carry interest of only 0.25 per cent.

Dr. Klauhs suggests that bank accounts should have an interest rate of 1 per cent and that a limit should be introduced for the amount that can be withdrawn from a savings account without notice.

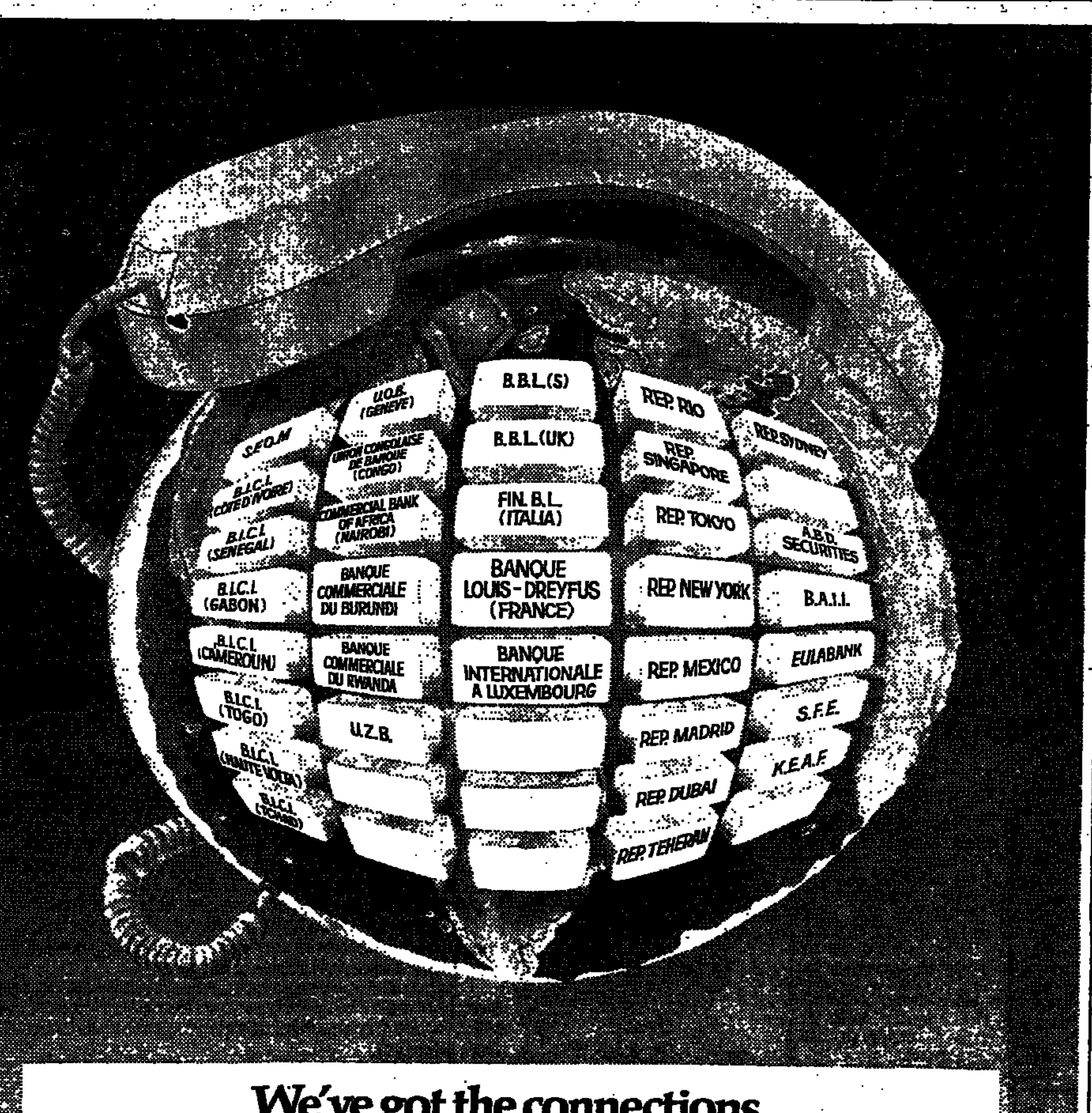
Dr. Erndl suggested a limit of Sch 100,000.

The maximum interest rate at present on savings deposits with a notice of 3 years is 6.5 per cent, but, according to the banking law, it should always be at least 1 per cent below the bond rate. Observers see here another bone of contention between those bankers who would like to reduce maximum interest on savings deposits. The bond rate is now only 7.25 per cent which means that the maximum rate of 6.5 per cent should also be reduced.

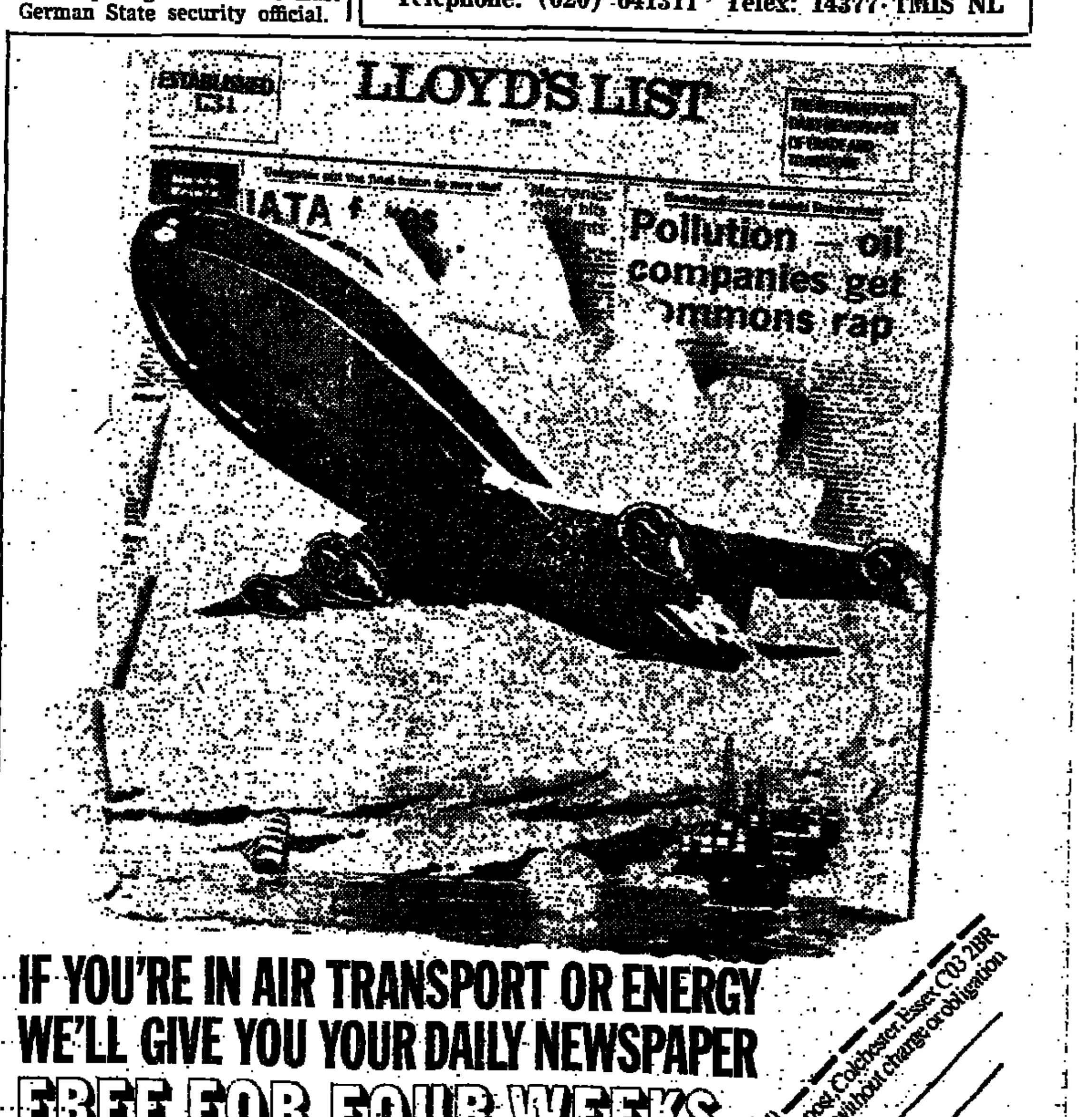
FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.









# NATO presses Britain to decide defence policy

BY REGINALD DALE, EUROPEAN EDITOR, IN BRUSSELS

MR. FRANCIS PYM, the new British Defence Secretary, will be asked to take vital decisions on the strength of Europe's nuclear forces, and the UK's role in a new atomic build-up, in the coming months.

Britain and West Germany are widely seen at NATO HQ here as the key countries in determining the alliance's response to the ever-growing strength of Soviet nuclear fire power now directed at western Europe.

Mr. Pym, who will be meeting his NATO colleagues for the first time over the next two days here, is unlikely to be able to give an immediate detailed reply. Final decisions are not in any case expected before the end of the year. But the military here is already welcoming what it sees as a much tougher line from the Tory government across the board on defence issues.

Defence ministers were gathering here last night for the spring meeting of NATO's Defence Planning Committee, which is expected to endorse the view of military experts that the alliance must react to the mounting nuclear threat to Western Europe posed by Soviet medium-range weapons such as the SS20 missile and the Backfire bomber.

Mr. Pym will be holding separate bilateral talks with Mr. Harold Brown, the U.S. Defence Secretary, Mr. Willem Scholten, the Dutch Defence Minister, and Herr Hans Apel, his West German counterpart. The talks with Herr Apel are seen as particularly important in view of Bonn's repeated insistence that it will only accept new NATO nuclear weapons on West German soil if other countries do so too.

For both political and military reasons, the UK is an obvious choice as a base for new weapons like the American Cruise missile which other NATO countries might reject. It is accepted, however, that public opinion will have to be carefully prepared for such a decision.

At a meeting of the alliance's 11-nation Eurogroup here yesterday Mr. Pym expressed strong support for continued defence co-operation between West European countries. UK officials were hoping that Eurogroup discussion could lead to important orders for British industry to supply the alliance with 105 mm ammunition for tank guns.

There were also hopes for agreement on joint production of American Sidewinder air-to-air missiles in the UK, Germany, Italy and Norway.

# SALT's promise for Moscow

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION clearly welcomes the new Strategic Arms Limitation Agreement for which it worked for 6½ years. But there is little likelihood that the leadership's strangely muted response will give way to open enthusiasm in the foreseeable future.

Just as SALT II holds great promise for the Soviets, who desperately need to limit arms expenditure to free resources for domestic economic needs, it also brings with it a set of different political problems.

The promise of SALT II includes a further lessening of East-West tension and greater flexibility for the Soviets in upgrading their industrial base and developing Siberia. But these advantages—as important as they are—will only be realised in the long term.

The political costs of the agreement, however, have already begun to be paid. They will never be as evident to the Soviet public, which is exposed to Western radio broadcasts, and to the world generally, as during the next six to 12 months as the U.S. Senate ponders the accord and decides whether to ratify it.

When the first SALT agreement ushered in the era of detente in 1972, neither the U.S. nor the Soviet Union understood how the process of establishing a network of ties between a democracy and a dictatorship with a totalitarian structure would work out in practice.

The military-political SALT agreements were seen as the lynchpin of detente from which a set of economic, political and social ties were to develop.

Although the first SALT agreement has effectively been in force since 1972, the economic, scientific and cultural ties which were supposed to follow have proved fragile. Ties have been quickly abrogated in retaliation for what was seen in the U.S. as Soviet abuse of human rights.

The most important example of this was the Jackson-Vanik amendment to the 1974 Trade Act which tied Most Favoured Nation trading status for the Soviet Union and U.S. Export-Import Bank credits to explicit Soviet assurances on Jewish emigration which the Soviets would not make.

Another, more recent example was President Carter's action in ordering the cancellation of the sale of a Sperry Univac computer to the Tass news agency and a freeze on the sale by Dresser Industries of a $144m plant for making drill bits for oil exploration in retaliation for last summer's trials of dissidents.

The Soviets denounce what they describe as interference in their internal affairs but, in the interests of detente, frequently yield to it. Jewish emigration last month reached 5,000, with the early easing of restrictions in this area almost certainly connected with the Soviet campaign to get the Jackson-Vanik amendment repealed.

Now, however, the Soviets need to do what they can to assure U.S. Senate approval of the SALT accord. Whereas previously the country faced pressure largely on human rights questions, it is virtually certain that the SALT debate in the Senate will be expanded to include an evaluation of Soviet behaviour in the international arena as well.

Concern for the ratification of SALT-II was probably one of the factors inhibiting the Soviet response to the Chinese invasion of Vietnam in February. Such concern may also restrain greater Soviet intervention in Afghanistan.

# Romanian staff officers in Pact manoeuvres

By Leslie Colitt in Berlin

EAST EUROPEAN military attaches in Berlin confirm that the five-nation Warsaw Pact manoeuvres taking place this week in Hungary include Romanians, but only a small number of Romanian staff officers and support personnel. Independent-minded Romania has refused to take part in larger Warsaw Pact manoeuvres, or to allow them to be staged inside the country. The exercises in Hungary include all the Warsaw Pact countries except East Germany and Poland.

The manoeuvres, under the direction of the Hungarian Defence Minister, are said by the military attaches to be joint staff manoeuvres similar to those which have been attended by the Romanians all along, and do not signify a change in Romanian policy towards the Warsaw Pact.

Last December, Mr. Nicolae Ceausescu, Romania's President and Communist Party leader, said not a "single soldier" of the 181,000-man Romanian army would ever take orders from outside the country. His remarks came after pressure from Soviet President Leonid Brezhnev to get Romania to raise its defence budget, along with the other Warsaw Pact countries, and integrate its armed forces into the pact.

At previous Warsaw Pact staff manoeuvres, Romania was represented by a limited number of officers. The commander-in-chief of the Warsaw Pact forces, Soviet Marshal Viktor Kulikov and the chief-of-staff of the pact, Soviet Gen. Anatoli Gribkov, are both in Hungary for the exercises.

Paul Lendvai adds from Vienna: A conference of the Warsaw Pact Foreign Ministers began in Budapest yesterday, the first ministerial meeting since the April 1978 talks in Sofia. The meeting is expected to focus on East-West relations, with special stress on Europe and the consequences of the SALT II agreement. A communique is expected to be released this evening.

TITO'S VISIT TO MOSCOW

# Bridging a growing gap

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

YUGOSLAVIA'S seemingly indefatigible President Josip Broz Tito sets off for Moscow on Wednesday for two days of talks with the ailing Soviet leader Mr. Leonid Brezhnev followed by a short holiday in the Crimea.

This summit meeting between the Soviet leader and the man whose place in history is assured primarily for having stood up to Stalin and initiated the end of Moscow's unchallenged domination of a monolithic world Communist movement will not be an easy one.

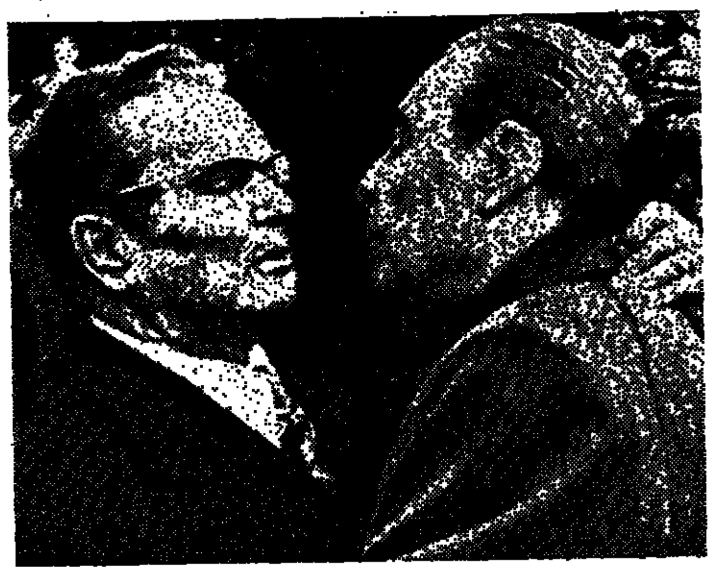
It was originally planned for the summer of last year but was indefinitely postponed because of Soviet wrath at the swing through the Balkans and Iran by Chairman Hua Guofeng of China last August. Since then, relations between the two countries have been further strained by events in South East Asia and what Yugoslavia perceives as a persistent attempt by the Soviet Union, through its ally Cuba, to subvert the non-aligned movement and make it an instrument of Soviet influence in the Third World.

The grounds of contention between the Soviet Union and Yugoslavia are probably as deep now as at any time since the original schism 31 years ago.

One indirect, but clear, indicator of Soviet displeasure is the resurgence of the long-simmering dispute between Yugoslavia and Bulgaria over the existence of the Macedonian nation. Bulgaria is the Soviet Union's closest ally in eastern Europe and past experience has taught the Yugoslavs that re-awakening this question, with its implied threat to Yugoslav sovereignty, always coincides with a deterioration of relations with the Soviet Union itself.

But the prospect of a further cooling in Soviet-Yugoslav bi-lateral relations as a consequence of fundamental differences of opinion in foreign policy issues appears to have induced both sides to seek a summit meeting to air their differences.

Before agreeing to set up a formal summit meeting however, President Tito despatched a top level diplomatic negotiating team to Moscow in April which was received by Mr. Andrei Gromyko, Soviet Foreign Minister. The Yugoslav team was headed by Mr. Milos Minic, the former Yugoslav Foreign Minister who is now top foreign policy adviser to President Tito and member of the Praesidium of the Central Committee of the League of Communists. After three days of talks, the two sides came out with a communique which spoke of "meaningful, frank and exhaustive talks" — a formula which implies some very tough talking on both sides. Discussion at the summit is likely to be equally outspoken.



Kiss and make up—Tito on his last visit to Moscow.

President Tito can be expected to underline Yugoslavia's right to take an independent stand in foreign affairs, express concern at the controversy over Macedonia and sound out the Soviet leader on prospects for future co-operation between Yugoslavia, Bulgaria and Greece in the light of Mr. Constantine Karamanlis, the Greek Prime Minister's current efforts to revive the idea of Balkan co-operation.

By Anthony Robinson East Eur

Further afield he is also expected to underline concern about the possibility of another round of fighting between Vietnam and China and press the Soviet Union to act as a moderating influence in South East Asia by seeking, above all, to improve relations with China.

Yugoslavia expressed strong disapproval at what it described as the invasion of Cambodia by Vietnam and called on both China and Vietnam to respect the principle of non-interference and non-intervention in the affairs of sovereign nations. This led the Soviet Union to charge Yugoslavia with taking China's side in the Sino-Vietnamese border war. Yugoslavia insists, on the contrary, that it has been completely even handed in denouncing the respective aggressions of both Vietnam in Cambodia and China in Vietnam.

What is not in dispute is the fact that Yugoslavia and China have come much closer together over the past few years. Yugoslavia insists that this is principally because of a radical change of heart by the Chinese. Having reviled Yugoslavia as an arch revisionist for decades, China has now paid Yugoslavia the ultimate compliment of acknowledging the validity of the Yugoslav self-management system and attempting to introduce parts of the Yugoslav system into its own four modernisations programme.

Galling though this must be to the Russians on an ideological level what really disturbs them is what they see as the opening up of the Balkans to great power competition with China thanks to Hua Guofeng's visit to Romania and Yugoslavia last year and the close contacts which have been maintained since.

Yugoslav and Romanian insistence that there was no anti-Soviet intention behind the visit are seen as ingenuous in Moscow, with a certain amount of justification as both Yugoslavia and Romania clearly see improved ties with China as one more plank in their overall attempt to ensure their independence.

Yugoslavia's championship of the non-aligned movement also reflects the Yugoslav belief that defence of the principle of non-alignment and the cultivation of relations with the 86 non-aligned countries is not only a good thing of itself but also central to Yugoslavia's policy of independence. Hence the intensive diplomatic effort which has been conducted by Yugoslav diplomats over the past two years to counter efforts by the Soviet Union's ally Cuba to split the non-aligned movement into progressive and non-progressive nations and link the former category with "the socialist camp." President Tito himself went on an exhausting four nation Middle East trip through Kuwait, Iraq, Syria and Jordan in February to drum up support for the principle of true non-alignment and support for this line at the forthcoming non-aligned summit in Havana this September.

While the Balkans, the non-aligned movement and relations with China are expected to dominate much of the discussions, talks are also expected to range over the Middle East, where Yugoslavia has urged the other Arab states not to be too harsh with Egypt in the wake of the Camp David agreement, and great power relations in the light of the SALT-II agreement.

Given the age of the two participants, an dthe ill health of Mr. Brezhnev, this could well be their last meeting. The message that President Tito will try to get over is that Yugoslavia is determined to defend its independence now and in the future. It is a message he wan' passed onto Mr. Brezhnev's successors.

# S. Africa grants National Assembly to Namibia

BY QUENTIN PEEL IN WINDHOEK

SOUTH AFRICA'S Administrator-General in Namibia (South West Africa), Judge Marthinus Steyn, yesterday proclaimed a National Assembly in the territory, describing it as a vitally important step on the road to independence.

His proclamation goes as close as possible to establishing an interim Government in Namibia, without actually devolving executive authority on the assembly. It will have its own budget, and be "the highest legislative body in the territory," he said.

Judge Steyn's announcement follows last week's decision by the South African Government to press ahead with a National Assembly, and to reject the latest United Nations proposals for a ceasefire.

A full UN General Assembly debate in Namibia is due on May 23, and is expected to result in a call for a Security Council meeting to discuss punitive measures against South Africa.

Judge Steyn said the National Assembly would meet for the first time next Monday and would supersede the existing Constituent Assembly which was elected in South African-sponsored elections last December.

The new assembly will be dominated bw South Africa's major ally in the territory, the Democratic Turnhalle Alliance. One of the first issues to be discussed is expected to be the banning of the South West Africa People's Organisation (SWAPO) in the territory, following the killing of several whites on farms in the northern area.

# Damascus talks crucial for Lebanon

By Ihsan Hijazi in Beirut

TALKS in Damascus yesterday between President Hafez al-Assad of Syria and Lebanon's President Elias Sarkis are regarded in Beirut as crucial to the future of Lebanon.

It is the fifth meeting between the two leaders since Mr. Sarkis was elected to the Lebanese Presidency with Syrian backing three years ago. While no immediate, dramatic results are expected, the subjects under consideration reflect the gravity of conditions here.

Damascus has been pressing President Sarkis to take drastic action against the Israeli-backed Christian militias in the South.

Mr. Sarkis, in turn, has asked Damascus and other Arab States to persuade the Palestinian guerrillas to discontinue all operations against Israel from the Lebanon.

President Assad met Mr. Yassir Arafat, the Palestinian Liberation Organisation's leader in Damascus yesterday after talks with the Lebanese Prime Minister, Mr. Selim al-Hoss. The PLO has no wish to make concessions to Beirut and there has, in fact, been an increase in guerrilla activity against Israel from southern Lebanon.

Another subject on the agenda of the Damascus talks was the status of more than 20,000 Syrian soldiers serving in Lebanon. As the sole remaining contingent of the Arab League deterrent force. Their present mandate expires in July.

# AOI demise and Western contracts

BY OUR FOREIGN STAFF

SAUDI ARABIA'S announcement that the Arab Organisation for Industrialisation (AOI) is to be dissolved is the most severe blow on an immediate, practical level which Egypt has suffered as a result of signing its peace treaty with Israel. The AOI has 15,000 employees in Egypt, and was a model of pan-Arab co-operation, well funded and efficient.

The AOI was set up in 1975 by Saudi Arabia, Egypt, Qatar and the United Arab Emirates (UAE) with an initial subscribed capital of $1.04bn. The four participants had equal shares, but whereas the three oil-rich states provided cash, Egypt promised to provide some industrial facilities and much of the skilled manpower.

The decision has serious implications for British, French and U.S. companies. The various deals concluded have joint venture structures with separate companies overseeing each individual project. But all contracts have substantial penalty clauses to cover the circumstances in which a contract is withdrawn or halted. The chief contracts are:

1. With American Motors for the production of 12,000 jeeps a year. Contract probably worth, with spares, about $10m a year. Production has started but expansion is unlikely in the event of a lack of funds.

2. With Westland and Rolls-Royce for the production of the Lynx twin-engine, multi-purpose helicopter. R-R would supply the Gem engine. The value of the deal could exceed £400m. The finance is reported to be available for the first 20, manufactured in Britain, and for the local assembly of 30 more.

3. With the Dynamics Group of British Aerospace. BA formed with AOI a joint venture, the Arab-British Dynamics (AOI 70 per cent. BA 30 per cent), for the assembly and then construction of the Swingfire anti-tank missile. Deal worth more than £40m. The missiles are in the process of delivery.

4. An agreement initialled with Dassault-Breguet of France for the purchase and assembly of the Franco-German Alpha-Jet which can also be used in a low-level intercept and strike role. There have also been negotiations over the purchase of the sophisticated Mirage-2000. No value has been put on this deal.

5. A joint venture by Saudi Arabia with Thomson CSF of France for the manufacture of military electronics and eventually guidance systems at Kharj, south of the capital, Riyadh. This will now be taken over by the Saudi Defence Ministry.

# Iran given execution guidelines

BY ANDREW WHITLEY IN TEHRAN

A DECREE by Ayatollah Khomeini, Iran's religious leader, limiting death sentences by the revolutionary courts to members of the Shah's régime directly involved in killings, is expected to have an immediate effect on the working of the courts.

The Ayatollah, who issued the decree on Sunday, is understood to have done so following intercession by Mr. Assadollah Mobasheri, the Justice Minister, who spoke of growing domestic and international disquiet over the nature of the charges on which Iranians have been executed recently. The Khomeini also appears to have been persuaded of the need to re-establish unity within the ranks of the clergy, which has been divided by the conduct of the trials.

**Simon Henderson adds:** Iran has claimed that Israel still owes it $780m for secret oil purchases and its shareholdings in a pipeline across Israel from the Gulf of Eilat to the Mediterranean.

Mr. Hassan Nazih, chairman of the National Iranian Oil Company, made the allegation in an interview with a Tehran newspaper yesterday, saying that so far Iran has not had any contact with Israel on the issue.

At the time of the February revolution, Iran broke all diplomatic ties with Israel and has since refused to sell it oil. Its contracts with other oil companies also prohibits them from passing on Iranian oil to Israel.

# Israel and Egypt hold oil talks in Sinai

BY DAVID LENNON IN TEL AVIV

ISRAELI and Egyptian delegations began talks yesterday on the smooth transfer of the Alma oil field in the Gulf of Suez which will be handed back to Egypt in six months.

Officials from the two countries met at A-Tur in Sinai to discuss the future of the field, which currently produces 33,000 barrels daily.

The Alma field was discovered by Israel late in 1977, and was brought on stream 14 months ago. Egypt has agreed to sell Israel the oil from the fields afer the return oft he Gulf to Egyptian sovereignty, though the quantities and price have yet to be determined.

Israel is anxious to continue the development of the field during the coming months. However, as this project will require an investment of $30m, it was decided to seek Egyptian participation in the project.

The Israeli officials explained that this is in Egypt's interest, as ultimately it will benefit from the improvements which will be made.

A second issue which was taken up at yesterday's meeting was the price which Egypt would pay for the equipment which Israel has in the Alma field. Israel claims that this equipment, including a drilling rig, is worth $30m.

Executives from the American company, Superior Oil, and Neptune, its subsidiary which operates the Alma field, held talks on Sunday with Mr. Menahem Begin, the Prime Minister, and Mr. Yitzhak Modai, the Energy Minister, about the Government decision to let Egypt survey the area, even before it is handed over.

Superior has already surveyed the area, and had hopes to sell Egypt its findings about the oil potential there. The company is now considering legal action against the Government for breach of the contract giving it exclusive rights to the area, which is under Israeli control.



Vietnam's economy is being shifted from peace to war and this has caused unavoidable dislocation, reports K. K. SHARMA, who recently visited Hanoi.

# Repairing the damage pushes Hanoi closer to the Soviet Union

*IF ONE* of China's aims during its recent invasion was to harm Vietnam's already battered economy—and Hanoi firmly believes this was the principal objective—it is probably the only one that has been achieved.

The second Five Year Plan, now in its third year, is being reformulated to adapt to war-time conditions "and it will unavoidably mean lower targets," confided one economist in Hanoi. He declined to say which targets would be scaled down since exercises are incomplete but hinted that a new plan could result.

The new plan will have new priorities, with food production remaining at top position to eliminate a major constraint. A Hanoi-based diplomat who has closely studied the country feels that for strategic reasons the emphasis could shift from development of the North to injection of resources into the South, which is less vulnerable to attack. This is not a new concept for the Vietnamese, who have made similar shifts in the past.

One senior official told me: "We think that Hanoi is too near the frontier." This does not necessarily mean that a change in the capital is being discussed, but it shows the way the official mind is thinking.

In reformulating the plan, industry will be mainly affected, and plans to establish engineering units in each province are bound to suffer. The machine tools plant planned in the North may now be moved to the South, if it comes off at all.

Apart from a major rethinking on economic policies and priorities to enable the country to wage a war and still retain the focus on development, Vietnam must deal with the direct devastation and the secondary effects of the war with China.

The damage is immense. When the Vietnamese say the Chinese troops embarked on systematic destruction of occupied territories, they are not exaggerating. At Lang Son, I saw the results. Power plants, factories and bridges destroyed by Chinese sabotage were totally flattened while there were also many partly damaged buildings as a result of shell-fire.

The Vietnamese list of the damage is long and detailed. The Government says, for instance, that 10,000 families were displaced and 2m square metres of housing space was destroyed. Rice fields extending over 85,000 hectares have had to be abandoned and 250,000 head of cattle were lost. Six state farms were flattened and 38 forest "farms" burnt. The Vietnamese also give figures for looting on a vast scale. This is impossible to check

Other serious damage includes the loss of a tin mine and a super phosphate mine, but the Chinese failed to reach the collieries in the North-west.

The destruction of the railway bridge in Lang Son through which ran the rail link with China means the disruption of trade and supplies from Russia and East Europe since Vietnam was part of the Socialist rail co-operation system. Until the link was broken, both at Lang Son and at the "Friendship Gate" bridge on the border, the bulk of goods from East Europe came in trains via China and Russia.

All goods are now being shipped via the long sea route and Vietnam's ports are not equipped to handle all the traffic.

The 1m strong regular army has been put on full alert, leading to a loss of vital disciplined labour, both skilled and unskilled. The economy is bound to suffer as a result.

Generally, the economy is being switched from peace to war and this is causing unavoidable dislocation.

Large shipments from Russia and India of rice and wheat and help from Comecon countries have helped alleviate food shortages. There has also been an intensive campaign to increase the arable area and last year an estimated 100,000 hectares were added. If natural calamities do not ruin the crop again, there are hopes for a bumper crop next month.

The final effect on the economy is the reluctance of foreigners to invest in Vietnam. In 1976, Vietnam invited investment from non-Socialist countries and offered surprisnigly liberal terms such as guarantees against nationalisation and on repatriation of profits. The response was poor, except in off-shore oil drilling, and a further drop in interest is now expected

All this means that Vietnam will be drawn further into the Russian embrace. If China aimed at driving a wedge between Russia and Vietnam, it has plainly failed.

The rise in Soviet assistance could mean that Moscow will demand a quid pro quo through increased facilities for its fleet at the U.S.-built port in Cam Ranh Bay. The Vietnamese deny they have allowed any military base to anyone but add significantly: "This does not mean we will not let our friends visit us."

Comecon countries have already stepped in to help Vietnam to complete many projects abandoned by the Chinese last year, including the strategic Thang Lang bridge over the Red River near Hanoi.

The Vietnam economy was never particularly strong and depends on permanent external support which is perhaps why Hanoi has an eye on Kampuchea's rice fields. But ties with Comecon are considered important since other friendly Third World countries have limited resources to help Vietnam.

Le Duar, leader of Vietnam's Communist Party, who now faces the task of restoring the nation's economy.

# Dole joins presidential race as Crane falters

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SENATOR ROBERT DOLE from Kansas yesterday became the seventh Republican formally to declare his presidential ambitions, while the campaign of the first official contender, Congressman Philip Crane from Illinois, appeared on the verge of grinding to a halt.

Mr. Dole was President Ford's surprise choice as running mate in 1976. He is generally a conservative, a believer in strong defence and a more aggressive U.S. posture in the world.

His acerbic speaking style was probably more of a liability than an asset to President Ford in 1976 and certainly contrasted unfavourably in the eyes of the voters with the more measured approach of Mr. Walter Mondale on the Carter ticket. For this reason, combined with the apparent lead enjoyed by other conservative Republicans, such as Mr. Ronald Reagan and Mr. John Connally, he is at this stage rated as something of an outsider.

Mr. Crane, meanwhile, was never given much of a chance when he first declared last year. He was seen by some as a stalking horse for Mr. Reagan. Nonetheless, the arch-conservative young congressman appeared briefly to be making some headway as he assiduously campaigned across the country as the new true blue hope of the Republican party.

Everything has fallen apart in recent weeks however. He has fallen out with Mr. Richard Viguerie, the Conservative fund raising genius, and now has seen almost all his senior campaign staff resign in protest over the role being played by the candidate's wife, Arlene.

Mr. Crane said over the weekend that he intends to persevere, but with the campaign in disarray and debt and, in spite of all his efforts to imitate Mr. Carter's path to the presidency, his recognition in the polls hardly visible, the prognostication looks bad.

Meanwhile, on the Democratic side, there was further evidence over the weekend of Senator Edward Kennedy's popularity inside the party. A poll in New Hampshire, which holds the first primary next February, gave him a lead of more than 20 points over Mr. Carter, while the Boston Globe reported that a write-in campaign would be launched in his name in Massachussetts shortly. Similar efforts are underway in other states.

Mr. Kennedy still insists that he has no intention of running. Also Mr. Carter said the other day that he did not think the Senator would run. But speculation is bound to continue on his ambitions both because of Mr. Carter's indifferent standing in the opinion of regular Democrats and because Mr. Kennedy consistently stakes out political ground different from the President.

Senator Robert Dole

Yesterday, for example, he announced that he would again be introducing in congress his national health insurance bill (in a slightly modified form), thus contrasting his enthusiasm with Mr. Carter's more cautious attitude. Over the weekend, too, he again sharply assailed Mr. Carter's decision to remove federal price controls from domestic oil.

# Challenge to Carter on Rhodesia

By David Buchan in Washington

PRESIDENT Jimmy Carter's policy of playing for time on Rhodesia could be rudely pre-empted today when the U.S. Senate is expected to vote on an amendment to lift trade sanctions on the new Salisbury Government immediately.

Under present law, the President must lift sanctions if he finds that the black majority Government in Rhodesia has been installed after free and fair elections and has shown itself open to negotiations.

Mr. Carter has said he will make a decision on whether these conditions have been met by June 15. This would give him time to digest the assessment by his Secretary of State, Mr. Cyrus Vance, of the new British Conservative Government's attitude.

But this timetable may be upset by Senator Jesse Helms, a leading conservative Republican. Senator Helms intends to try to tack an amendment, to lift the U.S. trade boycott, on to a routine State Department budget authorisation.

# Allocations ordered to ease diesel fuel shortage

BY DAVID LASCELLES IN NEW YORK

THE FUEL shortage gripping many parts of the U.S. is now making itself felt in the area of diesel fuel. Special allocations have been ordered by the *Department of Energy, which* may be extended if the shortage persists, as the oil companies say it will.

At the end of last week, the DOE ordered that farmers and companies in the food industry receive their full requirements to avoid a food shortage.

In an accompanying statement, Mr. Bob Bergland, the Agriculture Secretary, said that the bad spring weather had put planting several weeks behind, and that any shortage of fuel just now could reduce the size of the harvest.

The DOE also announced that it was considering allocations for ground transport, and invited comments. There are already signs that the fuel shortage is affecting bus and lorry companies, made worse as people turn to public transport because of high price and scarcity of petrol.

The DOE has the authority to allocate diesel because, unlike petrol, it has been a deregulated fuel since 1976. Mr. Carter's attempts to ration petrol foundered in Congress at the end of last week.

The diesel shortage stems from the same cause as those affecting petrol, crude oil supplies are down because of the Iranian cut-off, and consumption is rising fast. The growth in demand is affected by, among other things, the rising popularity of diesel-engined cars which are winning a bigger share of the market.

Although production of distillate fuels, which include diesel, has risen slightly in the last two or three weeks, it is still below last year's level, 2.9m barrels a day compared with 3m. Stocks are also down sharply, at 117.3m barrels against 136.8m last year. These statistics are for the week ending May 4, the latest from the American Petroleum Institute, the oil industry trade association.

Exxon, the country's largest oil company, has steadily cut back its allocations of distillate fuels, from contracted *levels in* March to 95 per cent in April and 90 per cent this month. A company spokesman said yesterday: "Industry-wide expansion expects that motor gas supplies will continue to be tight at least through summer."

Other companies are allocating even less. Shell has cut back supplies to 85 per cent of earlier levels in many parts of the country, and some smaller companies have reportedly cut supplies by half.

If the DOE goes ahead with its ground transport allocation programme, supplies for remaining consumers of diesel oil, mainly private motorists and the marine, are expected to be very tight. Prices are also rising fast because of the absence of regulation.

**John Wyles** reports on the spring Business Council meeting at Hot Springs, Virginia

# Unruffled capitalism flourishes at The Homestead

EUROPEANS WHO spend any time at all in the U.S. are constantly surprised by the strength of, for want of a better term, the capitalist ethic. A reverence for private enterprise and a *sharp taxpayers' aversion to* financing a large public sector are deeply ingrained in the culture. This means, among other things, that few top businessmen feel bound to apologise for their profits or their hefty salaries.

But neither are they inclined to be complacent about public support for business and its objectives. Lobbying on Capitol Hill and corporate propaganda are the mainstays of these efforts to maintain a healthy environment for business, but so also is a four day sojourn at an extremely expensive, palatial hotel nestling in the mountains of the most south-western part of Virginia, some 250 miles from Washington DC.

In the spring and autumn of each year the chairmen and chief executives of 65 or more of the largest U.S. corporations abandon sober business suits for jackets of somewhat noisier checks and trousers of many hues, and with golf clubs and wives head for The Homestead at Hot Springs, Virginia.

The Homestead is a far cry from the humble and stereotypical ranch house from which it draws its name. The contents of one of the jewellers in its shopping arcade would buy a decent spread out Wesf, and the menus in its vast dining room owe a great deal more to French cuisine than simple American home cooking. But the corporate chiefs who are assembled there by the Business Council are not these days men of particularly simple tastes. Most are regular globe-trotters whose membership of the Business Council underlines their elite status. Founded in the 1930s as an advisory arm of government, the Council declared its independence during the Kennedy Administration and exists now as an informal but highly influential forum in which business talks to itself, to government and through carefully controlled public *relations to the country.*

Last week-end's spring gathering brought together Mr. Reg Jones, chairman of General Electric, Mr. Thomas Murphy, chairman of General Motors, Mr. Clifton Garvin, chairman of Exxon Corporation, Mr. Rawleigh Warner, chairman of Mobil, Mr. Lewis Foy, chairman of Bethlehem Steel, Mr. Irving Shaprio, chairman of Dupont, and Mr. Donald Seibert, chairman of J. C. Penney, to name but a few. Heading the list of visitors from Washington was Mr. Michael Blumenthal, the Secretary of the Treasury, who was joined by Senator Russell Long, chairman of the Senate's Finance Committee, and Mr. G. William Miller, chairman of the Federal Reserve Board.

Traditionally the exchanges between Council members and visiting luminaries are in private session, but in the last few years the Council's organisers have woken up to the opportunities which the meeting provide for putting across *a message to the country about* the preoccupations of business and its view of the world. The attractions to the media of finding a veritable Who's Who of U.S. business under one roof are obvious and each meeting now attracts more than 20 journalists from leading newspapers, magasczines and news agencies.

But since the occasion is meant to be informal and relaxing for the participants, the Council has devised procedures which skilfully satisfy the media's basic appetite for a story and for contact with the great, but which minimise the opportunities for any kind of confrontation which might be embarrassing or uncomfortable for business. At 10 pm on a Thursday evening the Council traditionally holds a Press briefing on the latest prognostications of its panel of economists which is now focusing on a probable recession in the third and fourth quarters of this year. Last Thursday's Press conference was handled with *characteristic adroitness* by Mr. Jones, of General Electric, whose opinion that government deficits and monetary policies create inflation was dutifully recorded by the assembled scribes. But the occasion was also a heaven-sent opportunity, duly taken, for two of the country's top oilmen, Mr. Garvin and Mr. Warner, to point up the deficiencies of President Jimmy Carter's oil decontrol proposals.

At noon on Friday, the Council stages an even more highly stylised Press briefing at which the main performers in the closed session are encouraged to outline their remarks for the benefit of the media. Last Friday, Messrs. Miller and Blumenthal gently dissented from the recession forecast from the Council's economists, Senator Long summarised his advocacy of a restructuring of the American tax system based on the introduction of value-added tax and Mr. Llewellyn King, publisher of the Energy Daily, eloquently re-stated his case that the U.S. faced the possibility of serious decline through a manic desire to prevent the oil industry from doing its proper job of providing more energy.

There were no embarrassing questions about record corporate profits at a time when wage earners are being encourgaed to accept a cut in their standards of living through pay restraint, no taking business to task for its mediocre record of capital spending and spending on research and development, no probing of attitudes towards investment in South Africa and no questioning of muscular uses of its lobbying powers.

The only unscheduled intervention came in the form of a crashing thunderstorm, which made some of the proceedings inaudible.

# Backing for car industry on fuel economy standard

BY JOHN WYLES IN NEW YORK

THE U.S. car industry has received unexpected support from a Department of Commerce study for its battle for relief from current fuel economy standards.

The industry is seeking a change in the requirement that average fuel consumption of cars sold in 1981, 1982 and 1983 rise in steps of two miles per gallon from 22 mpg to 26 mpg. The Detroit companies have lobbied both the Administration and the Congress for support for their claims that this achievement may be technically unfeasible and will impose an unnecessary economic penalty on car buyers.

The car producers would prefer the increases be stretched out so that the 27.5 mpg average consumption so far targeted by law is achieved in 1987 or 1988. Failing that they are urging an even pace of fuel economy gains from 1981 to 1985 based on increases of 1.5 mpg each year.

The Commerce Department study has been carried out by its policy office at the request of the car companies. It relies heavily on the industry's calculations in concluding that the present rules would add more to the costs and prices of new cars than the value of the petrol that would be saved—an *estimated $2bn, assuming* an average annual price of $1 per gallon.

The Department of Transportation's National Highway Traffic Safety Administration has so far set its face against any changes in the rules it wrote after Congress set a general requirement in 1975 for 20 mpg in 1980 and 27 mpg by 1985.

The problem for the car industry is that the agency has consistently refused to accept its calculations that the current standards will add about $590 to the cost of a new car. The agency says the costs of designing and developing a new lightweight, fuel-economical models will be about $400 per vehicle *in 1985 and that* the petrol savings through the lifetime of the car will be $914.

# WORLD TRADE NEWS

## U.S., China initial trade pact

CANTON — China and the U.S. have initialled a mutual trade agreement, establishing formal commercial relations between the two countries for the first time in 30 years.

China's Foreign Minister Li Qiang initialled the pact in Peking, and U.S. commerce secretary, Mrs. Juanita Kreps, initialled the document in Canton.

"Today marks a major step on the road towards normalising U.S.-China economic relations," Mrs. Kreps told guests at a reception held to celebrate the initialling.

Mrs. Kreps said the agreement established a framework for orderly trade and business and provides for reciprocal Most-Favored-Nation status. "In short, as a result of this agreement we shall be able to expand trade between our countries up to its full potential," Mrs. Kreps concluded.

Trade between the U.S. and China, which amounted to about $1bn last year, is expected to reach $2bn this year and $4bn to $5bn within about five years, American officials predict.

Most Favoured Nations status for China will greatly reduce the tariffs on many Chinese goods entering the U.S.

The agreement also removes a major obstacle to the granting of Export-Import Bank and commercial credits for China.

The U.S. Trade Act of 1974 has numerous detailed requirements that the Chinese have never before faced in a trade agreement. It requires that U.S. business receive multiple exit and entry visas and other aids. It requires protection of the U.S. market from disruption by imports and it requires protection for U.S. patents, trademarks and copyrights.

Mrs. Kreps and Mr. Richard N. Cooper, Under-Secretary for Economic Affairs at the U.S. Commerce Department, said that before the signed trade agreement is submitted to Congress the Administration wants a signed textile agreement. Textile negotiations resume next Wednesday in Peking. Mr. Cooper said that if the textile negotiations go well and are signed during this session, the trade agreement could be submitted to Congress by late May or early June.

Agencies

David Buchan adds from Washington: Two considerations may delay Congressional approval of MFN tariff concessions and of Export-Import Bank credits for U.S. exports to China, contained in the new U.S.-China trade agreement just initialled.

The Carter Administration will want, and Congress may demand, China's agreement to regulate future growth of its already considerable textile exports to the U.S.

The second issue is that President Carter wants to link credit and tariff concessions to Peking with the same treatment for Moscow, as a measure of his political even handedness to both Communist super powers. The snag is that the present law requires Communist countries to show they do not restrict emigration, in order to get these U.S. concessions.

While there is virtually a consensus in Congress that China permits its citizens to leave freely, this is not the case over the Soviet Union, even though the annual rate of emigration that Moscow is now allowing is close to 50,000.

Colina MacDougall writes: From the last-minute intervention by vice-president Deng Xiaoping it is clear that the Chinese leadership was anxious to move trading relationships with the U.S. on to a new stage to get the benefits of MFN and Eximbank financing.

This implied that in spite of China's current re-assessment of its economic planning, when the agreement is passed by Congress, the U.S. is likely to get important contracts for the supply of industrial equipment and will become a serious competitor for Japan and Europe in this field. There may even be a honeymoon period in which the U.S. is especially favoured. Already last year the U.S. was China's third most important supplier.

The new Sino-U.S. agreement does not appear to set a target value for trade, but its provides a framework for trade much more precisely than the pact the Chinese signed with the EEC last year.

## Hopes for energy sales rise

BY COLINA McDOUGALL

CHINA's new priorities in its modernisation programme will be energy, agriculture and light industry, according to Mr. Bernard Buckman, leader of the London Chamber of Commerce mission to China.

Although the mission which arrived at the end of March, took place at a bad time, as the Chinese were reassessing their priorities, Mr. Buckman felt that in some areas such as energy the prospects for orders had increased. However competition from the U.S. was likely to be strong.

The mission represented companies with marine and water supply and pollution interest.

Though aware of pollution the Chinese appeared interested in limiting rather than eliminating the problem and prospects of sales of water and anti-pollution equipment seemed distant.

Mission members commented on the difficulty of meeting end-users in China and of seeing a crosssection of industries in which they were interested.

● A large Chinese mission headed by Vice-Premier Geng Biao has begun a four-nation tour of Sweden, Norway, Finland and Iceland, Reuter reports from Stockholm.

The mission will visit major industrial installations in Sweden. Mr. Geng is expected to sign a long-term trade and industrial co-operation framework agreement during his stay.

Meanwhile a Bank of China delegation led by its president, Mr. Quiao Pei Xin, arrived in Rome yesterday to resume negotiations on a $1bn (490m) loan from Italy to China. Italian bankers have said they were ready to grant China such a credit provided the proceeds were used to purchase Italian goods.

## Leyland S. Africa head resigns

By Bernard Simon in Johannesburg

LEYLAND South Africa's problems took a new turn today with the announcement that its chief executive, Mr. Richard Newby, has resigned.

Mr. Newby's departure comes only a week after Leyland called off merger talks with Sigma Motor Corporation.

Mr. Newby said that his decision to leave Leyland was made before the negotiations with Sigma were broken off. He is to become chief executive of the South African subsidiary of another international group.

The chairman of Leyland S. Africa and executive vice chairman of BL, Mr. Frank Andrew, said a replacement for Mr. Newby would be announced "as soon as possible."

Leyland emphasised again today that it has no intention of withdrawing from the S. African market. There is growing speculation, however, that it may discontinue the manufacture of passenger cars and concentrate on its profitable bus and truck

● Japan's two biggest car makers, Toyota and Nissan, announced yesterday that exports to Britain had risen sharply in April, Lisa Wood writes.

Toyota said its shipments to Britain rose 24.4 per cent to 3,595 units over April 1978. Nissan's exports to Britain nearly tripled to 14,000 units over the same month last year.

## UK merchants pessimistic after S. Korea trade tour

BY RICHARD C. HANSON, RECENTLY IN SEOUL

THE MOST important mission of British industrialists and financiers ever to visit South Korea came away with what appears, on balance, to be a pessimistic view of the prospects of UK investment in that country.

The group, led by Sir Kenneth Keith, the chairman of Rolls-Royce, was impressed by much of what it saw during the week-long visit, but troubles now emerging within the South Korean economy seem to have dampened business possibilities.

The total investment by UK concerns there is estimated at $6m (£3m) with industrial investment at a bare minimum. Japanese investment, by contrast, amounts to more than $500m, with the U.S. ranking number two among foreign interests with $150m.

The UK accounted for 1.7 per cent of South Korea's imports last year. The UK's exports there amount to just a little more than a half what the UK imports from South Korea.

The group did not see the economy at its best during their trip, as South Korea was still feeling repercussions from the failure of the Yulsan trading group.

Government economic planners have also been forced to consider a scaling down or delay in a number of major heavy industrial projects in the light of economic disruption caused by inflation.

At the same time, however, members of the mission were impressed by the dimensions and ambitiousness of the industrial developments now in operation or awaiting completion in South Korea, such as the country's giant shipyards, a modern steel mill and heavy industrial machinery complexes.

In addition to Rolls-Royce, the companies on the tour included Northern Engineering Industries, Smiths Industries, the Dowty Group, the ABMTM Group, Imperial Chemical Industries, Hawker Siddeley, Rotaprint, Samuel Montagu and Hill Samuel.

On the other hand, the impression was that the Hyundai shipyard may also be one of the world's biggest white elephants, losing enormous amounts of money. While there are many private industries in the country, the largest weight of investment indicates how much of the economy must remain Government-supported.

The strongest interest displayed by British businessmen at present is in the metal industries area. For example, the largest exhibition of British machine tools ever to be held outside Europe opens in Seoul this week. A broader industrial exhibition is being planned for 1980.

At the end of the tour, the visitors were questioning whether a more aggressive sales approach to South Korea should be in order if the country were to succeed in creating a stable and highly competitive economy. It was noted that these doubts existed over Japan when it was struggling to become an international economic giant, and that many an investment opportunity was missed during those years.

## Export slowdown widens deficit

BY RON RICHARDSON IN SEOUL

SOUTH KOREA'S trading performance continued to be sluggish during April as exports dipped by 10 per cent from the previous month's level while imports declined by only 3 per cent. As a result, the country recorded a deficit of $440m, its fourth large trade deficit of the year, taking the deficit for the first four months to $1.66bn.

Exports during April were $1.13bn while imports totalled $1.57bn. The export total was 12.3 per cent higher than that in April, 1978. However, imports showed a 43.5 per cent increase on a year ago as a result of the Government's policy of liberalising imports.

## Negotiations on $2bn Japanese loan near conclusion

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S state-owned Export-Import Bank expects to sign a memorandum on a "substantial" loan to China today.

The Bank has revealed no details of the amount or other terms but it is thought that negotiations have been in progress on a low-cost yen denominated $2bn (£980m) loan which would finance Chinese oil and other natural resource development.

The Ex-Im bank is hosting a high level Chinese banking delegation headed by Mr. Bu Ming, the Bank of China's vice-chairman and general manager, who arrived on Monday. China is also expected to sign a $2bn syndicated loan agreement with a consortium of 22 Japanese commercial banks.

The Japanese Ex-Im Bank apparently sees the development loan as being untied, or available for use on the purchase of non-Japanese equipment. It therefore falls outside the scope of the OECD "gentleman's agreement" which sets floor levels for interest rates on long-term export financing loans extended to developing countries.

Meanwhile, Suntory, Japan's largest whisky distiller, will start its first shipments to China later this month. The company expects to ship 500 crates valued at $20,000 (£9,800) during the month. It hopes sales will continue at the same rate making China a $240,000 per year market for Suntory.

● Sanwa Bank will provide China's Kuanhsi Construction Materials Supply Company with a Y1bn (£2.3m) loan to help finance China's purchase from Japan of materials needed for the development of talc, Reuter reports from Tokyo. The Bank of China has guaranteed the yen-denominated loan, the Sanwa Bank said. Terms of the loan were not disclosed.

Japan last year imported a total of 400,000 tonnes of talc, half of which came from China.

## Singapore buys more Airbuses

By Michael Donne, Aerospace Correspondent

SINGAPORE AIRLINES has raised its order for European Airbus A-300 from eight to 12 aircraft (six firm and six on option), estimated to be worth in all more than $500m (£250m), including spares.

Delivery will begin in 1981, and will be spread to the end of 1985. The aircraft will be A-300-B4-200s.

Announcing this in Paris, Airbus Industrie also confirmed that British Caledonian is negotiating for the purchase of three A-300 aircraft, worth about £50m, with an option on another three.

## Bahrain may share in Saudi aluminium project

BY OUR OWN CORRESPONDENT

SAUDI ARABIA'S 20 per cent shareholding in the Bahrain aluminium smelter, which becomes effective on July 1, could lead to Bahraini participation in Saudi Arabia's projected 250,000 tonnes per year smelter at Jubail.

The Bahrain Government may also transfer to the Saudi Arabian Basic Industries Corporation a 26 per cent shareholding in its aluminium marketing company.

Bahrain's Minister for Development and Industry Mr. Yousuf Shirawi told the Financial Times this week, "Our partnership will avail the new project of all the experience and wisdom gathered over the last 10 years. It will be possible to save millions of dollars in design, construction and training."

The selling price of the Aluminium Bahrain (ALBA) shares is likely to be "conservative." This means it would be based not on an evaluation of the smelter's current worth, but on a portion of the original equity investment of $13m, plus an element of compensation for past losses. Saudi participation was first discussed in 1976, but ALBA was not then such an attractive investment.

## Iran rethinks metro plan

By Terry Dodsworth in Paris

THE IRANIAN authorities have decided to reconsider a FFr 17bn (£2bn) contract for a French-designed Underground system in Tehran.

The study of the Tehran project is being carried out by SOFRETU, a design engineering group owned by the Paris Underground system and a number of banks.

SOFRETU said yesterday that it had not received any formal indication of the change in the Iranian plans, but it is known that a letter has been sent asking the French company to stop its work for the time being. It is thought unlikely that the Iranians will abandon the Underground plan entirely.

# Industrial Leasing:

# Why we were the top company last year.

1. **Experience.** We have been handling the total range of Leasing transactions including Industrial Leasing, computers and cars in the U.K. for well over a decade.

2. **Talent.** Our executives are drawn from banking, accountancy, legal and actuarial professions – professional people capable of understanding the financial aspects of a company's business and how they relate to leasing.

3. **Strength.** We are a member of the Midland Bank Group which means our financial standing and resources are of a magnitude that allows us to take on virtually any size of leasing arrangement.

4. **Service.** We endeavour to maximise your company's return on its financial commitment by carefully constructing leasing packages that take full advantage of your financial situation. We believe we are better at achieving this aim than any other leasing company. And that can not just be our belief, because, last year, we wrote more Industrial Leasing than anyone else.

---

**To learn more about our approach to leasing and how it could help your company, please contact us.**

**Midland Montagu Leasing Limited**

Gillett House, 55 Basinghall Street, London EC2V 5DN. Telephone: 01-606 5951/4. Member of the Midland Bank Group.

# NEB 'should be given new development powers'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A RAPID extension of the National Enterprise Board's powers to restructure old industries and encourage new high technology developments with the help of revenues from North Sea oil are proposed this morning in a pamphlet published by a radical group on the fringe of the Conservative Party.

The NEB would be merged with the British National Oil Corporation and 49 per cent of the combined business would then be offered to the private sector through a Stock Exchange flotation, with a financial structure similar to British Petroleum's.

The proposals, produced by the Bow Group, are specially controversial at a time when Sir Keith Joseph, the new Industry Secretary, is about to start talks with Sir Leslie Murphy, chairman of the NEB, on how the Board's functions will be reduced by legislation later this year.

Most Conservative Ministers want to cut the NEB back to looking after "lame ducks," although it might also be allowed to keep its high technology activities like the INMOS microchip venture till the chips have been developed enough to be marketable.

The Bow Group pamphlet, written by five authors associated with management and the City, takes a totally different line.

It suggests that the function of looking after "lame ducks" such as BL, Rolls-Royce, Ferranti, Alfred Herbert, and Fairey Holdings, should be hived off into a separate organisation which would rely on State subsidies to look after the companies.

The NEB, shorn also of its job of helping small companies, boosting exports and encouraging regional development, would then be merged with the British National Oil Corporation.

The Corporation would act as a "short-term cash generator" and the 49 per cent private sector holding would "inject market discipline into the new company."

"We have made inquiries in the City into the advisability and feasibility of such a flotation," say the authors. "The response has been favourable both in the Stock Exchange itself and from advisers in issuing houses."

The NEB's restructuring role would be similar to that performed 10 years ago by the Industrial Reorganisation Corporation. It would provide equity and loan capital to encourage strategic industries to reorganise themselves.

The NEB would also "promote stratgeic investment in new industries" through new skills and technologies.

"Many of those to whom we spoke thought that, given the considerable reluctance of UK companies to invest in high-risk industries, this facet of the present NEB activities was its major success," says the pamphlet.

*The NEB Under The Tories. A Bow Group Paper. By Keith Boyfield, Ron Crompton, Guy Davis, Angus Noremac, and Brian Scott Quinn. Price 50p. Bow Group Publications, 240, High Holborn, London WC1.*

# Atkins holding political talks in Ulster

BY STEWART DALBY IN BELFAST

AMID SPECULATION that Mrs. Thatcher will not emphasise too strongly her party's stated policy of restoring regional government for Ulster in the Queen's Speech today, Mr. Humphrey Atkins, the Northern Ireland Secretary, is to have his first round of meetings with local political leaders.

Government thinking seems to be that, rather than plunge straight in and seek ways of restoring autonomy, possibly in the form of three regional councils, Mr. Atkins should first sound out local party leaders.

The Northern Ireland Office stresses that Mr. Atkins will not be putting forward any proposals to those he meets. Instead, he wants to hear their views and to acquaint himself with them.

He will be seeing Mr. Harry West, leader of the Official Unionists who have five members at Westminster today. On Thursday, he will meet Mr. Ian Paisley, leader of the Democratic Unionist Party which has three seats at Westminster, and wants the province put on a war footing.

Mr. Oliver Napier, leader of the non-sectarian Alliance Party, will see Mr. Atkins on Friday.

No date has been fixed for a meeting with leaders of the main Catholic group — the Social Democratic and Labour Party. It is understood that this is just a technicality.

# House building in UK down by 25% in March

By Andrew Taylor

THE DECLINE in UK house building deepened in March according to figures published yesterday by the Department of Environment.

These showed that during the month building work was started on only 15,400 houses and flats—a fall of more than 25 per cent on comparable figures for March last year. The figures also showed a 27 per cent decline in the numbers of dwellings completed compared with the same period a year ago.

The results for the first quarter paint an even more dismal picture although some of the poor showing for this period can be blamed upon severe weather conditions which made much construction work impossible.

During the first three months of this year the number of new starts showed a 36 per cent decline on the last quarter of 1978 and a 31 per cent decline over the same period last year. Completions during the three months were 24 per cent down on the previous quarter and 27 per cent down on a year ago.

As in previous surveys the public sector has again been worst affected taking the three monthly figures as the more accurate guide to performance. During the first quarter of this year pulbic sector housing starts were 37 per cent lower than at the same stage in 1978 while compleitons were 34 per cent lower than a year ago.

# Three FT journalists win Blue Circle awards

THREE Financial Times journalists won £500 each in the Blue Circle Awards for Industrial Journalism 1978, presented by British Institute of Management and announced yesterday by Sir Peter Masefield, chairman of the judges who praised the high standard of submission.

They are: Max Wilkinson, Industrial Feature Writer of the year; Arthur Smith, Regional Industrial Journalist of the year; John Elliott—"Conflict or Co-operation?" — Industrial Author of the year.

The panel of judges which represented all sides of industry considered more than 200 nominations. "This was an impressive entry reflecting the growing contribution made by this important field of journalism," said Sir Peter Masefield.

Sir Peter's fellow judges were Mr. Peter Walker, MP, Sir Terence Beckett, chairman of Ford Motor Company; Terry Duffy, AUEW; Frank Chapple, EEPTU; Roy Close, director-general British Institute of Management; John D. Milne, group managing director Blue Circle Industries; Philip Sadler, principal Ashridge Management College.

# EEC aid for synthetic oil plan

BY DAVID FISHLOCK, SCIENCE EDITOR

A BRITISH scheme for distilling old car tyres to make synthetic fuel oil has been offered £1.35m by the EEC towards the cost of constructing a £4.5m full-scale commercial plant.

The scheme won EEC approval in competition with two similar proposals from other European countries.

It is one of nine British industrial energy-saving projects which between them have been offered a total of £14m towards commercial demonstrations.

These offers are all subject to satisfactory contract terms being agreed with the EEC.

The process for the destructive distillation of tyres has been developed by Batchelor Robinson Metals and Chemicals of Birmingham, which commissioned the construction of a pilot plant at the Industry Department's Warren Spring research centre, at Stevenage.

This plant was dismantled last year after successfully demonstrating the conversion of six to 12 tonnes of tyres a day into three saleable products — fuel oil, low-ash char, and high-quality scrap steel.

The company is now being offered one-third of the cost of a plant capable of disposing of 50,000 tonnes of tyres a year, to yield 20,000 tonnes of fuel oil, 15,000 tonnes of char, and 7,000 tonnes of steel scrap.

Mr. Jeremy Cooke, a director of Batchelor Robinson, said last night that the company had sought £2.25m towards the cost of the project but had not yet seen the terms of the EEC offer.

Outline designs for the plant, produced for Batchelor Robinson by Badger, the engineering contractors, indicate a total investment of about £4.5m at 1978 prices. It will heat the tyres at a temperature of 450-500 deg C under oxygen-free conditions to "pyrolise" the rubber.

The company's case for EEC support was based on the idea that although Britain might need only one plant of this size, the EEC could use as many as six.

Another important feature of the company's case is that the synthetic oil its process yields, corresponds closely to the specification of a commercially available fuel oil. It could, therefore, expect to sell at the normal commercial price.

An unfortunate feature of many processes for reclaiming materials from waste is that they fall short of the purity of unused materials and can only be sold at discount prices—and not at all when demand slackens.

The scrap steel wire remaining once the rubber has been distilled is also of high quality.

Other companies offered EEC funding include: Pedigree Petfoods, for a high-temperature heat pump; and British Gypsum, for heat recovery in the manufacture of plasterboard.

# Christie's auctions 1760 candlesticks for £14,500

## SALEROOM

BY ANTONY THORNCROFT

A RARE pair of Worcester (Dr. Wall) candlesticks, produced about 1760, complete with drip pans, sold for £14,500, plus the 10 per cent buyer's premium and 0.8 per cent VAT, to Winifred Williams, the London dealer, in a Christie's auction of English porcelain which totalled £93,760. Another Dr. Wall pair, figures of a gardener and a companion, sold for £7,500.

A pair of rectangular plaques of 1825 painted in Dutch Old Master style fetched £4,000, and a pair of Dr. Wall yellow-ground oval sauce boats were sold for £3,500. A Chelsea acanthus leaf moulded tea bowl of the late 1740's fetched £3,200, and a Chelsea oval salt of the same period was acquired by R. and J. Jones, the London dealer, for £3,200.

In Chinese ceramics, Fernandez and Marche, London dealers, paid £1,500 for a pair of Fitzhugh pattern oval tureens of the Ch'ien Lung period. At Christie's, South Kensington, silver made £22,217 with a top price of £850 for a pair of German six light candelabra, and oriental ceramics £13,255, with a best of £560 for a Ch'ien Lung mei p'ing.

There was a busy day at Sotheby's. The most unusual auction was of curious and primitive currencies and barter objects assembled over many years by Howard D. Gibbs. All the lots sold, for a total of £29,819, and the British Museum was an active buyer. It paid £1,700, against the £50-£100 forecast, for a collection of bronze piu, or "hoe money" from China, and £1,200 for eight hollow handled bronze currency spades, also from China. A crescent shaped pearl shell currency "mairi" from Port Moresby realised £1,100, and the Ashmolean Museum in Oxford gave £180 for six drum shaped sycee from China.

In a printed book sale, which totalled £154,654, Burgess bought a first edition of Orme's *Collection of British Field Sports* for £17,000. Among the Pre-Columbian American, Indian, Oceanic and African art, a Luangu carved ivory tusk sold for £1,700 and a Maori wood flute for £1,300.

Misconduct towards shareholders alleged in Department of Trade report

# 'Lies and incompetence' at Dowgate

BY CHRISTINE MOIR

ALLEGATIONS of lies, irresponsibility, incompetence, misconduct and panic lard the 371 pages of the Department of Trade report on the affairs of Dowgate and General Investments (now Ferguson and General) and its associate, CST Investments.

After four years and two weeks, the two inspectors, Mr. Joseph Jackson, QC, and Mr. Kirkpatrick Young, conclude that there was "misconduct towards Dowgates' shareholders."

They claim that the chairman, Mr. Christopher Selmes, treated the company's funds as if they were his own. He lent £5.2m to CST Investment through Dowgate to finance the takeover of Grendon Trust, a company into which he made "no proper prior investigation."

Grendon turned out to be valueless after the property market collapse in 1974. But the responsibility for the disastrous acquisition is not solely Mr. Selmes's, the inspectors claim.

"That he was allowed to do as he pleased must reflect adversely on his fellow directors," Mr. G. H. Camamile, Mr. N. Wright and Mr. G. Yablon.

Keyser Ullman, the merchant bank which advised Mr. Selmes in the take-over of Grendon, is also severely criticised for "incompetence" in lending £21m to a private £100 company, CST Investments, on the personal guarantees of its directors, "without proper investigation of the merits of the transaction."

The Duke of St. Albans, chairman of Grendon, and another Grendon director, Mr. John Bishop, are censured for the way in which they sold their shares in Grendon to Mr. Selmes while purporting to support the Board's opposition to his bid, and in the face of probable higher bids.

Even the public relations consultant, Mr. John Addey, comes in for blame for "happily assisting in the preparation of Press releases" which were full of "material untruths."

The inspectors complain several times in the report that they received no help from the Takeover Panel which had made several investigations into the controversial takeover during the transactions in 1973.

Each time the inspectors asked for documents or comments from the Panel, it claimed that to release them would be a breach of confidentiality.

## Legal powers

The inspectors also reached different conclusions to the Panel on several issues, such as whether certain individuals were acting in collusion. In some instances, it calls the Panel's investigations "superficial."

Yesterday, the Panel replied that confidentiality was its main weapon as a voluntary body. Without it it could not persuade people to speak freely.

Secondly, the Panel claimed that the inspectors have the power under civil law to demand the release of material documents but did not try this avenue.

And thirdly, the Panel said that the inspectors had four years in which to conduct their inquiries. The Panel, however, had to act speedily without benefit of hindsight, and without the full "panoply of legal powers available" to the Department of Trade.

Obviously, the inspectors are unimpressed with that "panoply" as the bulk of their recommendations are concerned with strengthening the DoT's powers in such investigations.

They want right of access to persons other than officers or agents of companies they investigate (that is, presumably, such groups as merchant banks and the Takeover Panel);

- The power of extradiction to force directors to appear before them (Mr. Selmes persistently refused to do so).
- To take evidence under oath from witnesses (several changed their views during interrogation and others, according to the inspectors, lied, particularly about their powers of recall).

They also plead for amendments to the companies acts to prohibit directors from giving personal guarantees for sums which they cannot hope reasonably to meet out of their own resources.

To facilitate this, there should be a register of directors' guarantees so that new ones are not made valueless by prior charges.

## Prior notice

Further tightening up is needed where stockbrokers, whose partners are on the board, also act for companies. (Mr. I. A. Phillips, one of the most severely criticised protagonists in the affair, was also a partner in the stockbroking firm of Mitton Butler.)

The inspectors also believe that directors ought generally to be prohibited from selling shares without reasonable prior notice to their Board (both Mr. Bishop and the Duke of St. Albans are claimed to have done this).

Finally, the companies acts ought to be stronger on questions of minute taking. The minutes connected with any of the companies at Bedford Row, where Mr. Selmes presided, were "not to be relied on as accurate," the inspectors claim.

Mr. Jackson and Mr. Young were appointed in May 1975. By this time, Dowgate had had to write off completely the £5.2m which it lent CST Investments to take over Grendon Trust. Of this, "not a penny piece was ever repaid."

The loan was never properly authorised either by the Board where the minutes record the authorisation to have taken place after the deal was signed, or by the members of the company who were misled in the documents concerning a rights issue.

Another write-off occurred when Keyser Ullman had lent £17.25m to CST. The bank had to call on the securities behind the loan, namely the Grendon shares, only to find them worthless, after a further £4.5m had been pumped into the company by early 1975.

Four directors of KU, including the chairman, Mr. Edward Du Cann, are criticised for making the loan without any "proper investigation." Imprudence, short sightedness and concern only for a short term profit are attributed to the KU directors, who did not even discuss this huge loan at board level.

## Testimony

Other criticisms are levelled at the Duke of St Albans. He signed a declaration to support the Grendon board, of which he was chairman, in opposing Mr. Selmes's bid, but actually sold to Mr. Selmes without telling his Board and in spite of strong evidence of higher offers in the wings.

Mr. Bishop also signed this declaration, although he had already committed his shares to Erskine House, which then passed to Mr. Selmes, the inspectors claim.

The inspectors found that the Duke "attempted" to give them the impression that he was "a man of no particular ability and of no consequence whatsoever . . . simply a figure-head." However, the "testimony of our own eyes and ears" and other evidence told to the contrary.

The inspectors also looked at Grendon's purchase of Monotype Corporation, and concluded that it had been done to "rescue and compensate Edward Bates, the merchant bank, who had rescued Mr. Phillips and Mr. Hue Williams," two directors of Grendon.

Mr. Phillips' expenses, Mr. Bishop's use of a Mediterranean cruiser, the "Lazy Boy," and the Duke's plans for an enormous property development on the Côte Turquoise in Turkey, are also mentioned.

## False evidence

The inspectors describe repeatedly evidence to the Takeover Panel which was untrue or a deliberate cover-up. Minutes were tampered with, and evidence was later altered or withdrawn.

Mr. Selmes is accused of giving inducements to the Duke and to Mr. Quentin Greatrex, a partner in Jones Lang Wootton, the estate agents.

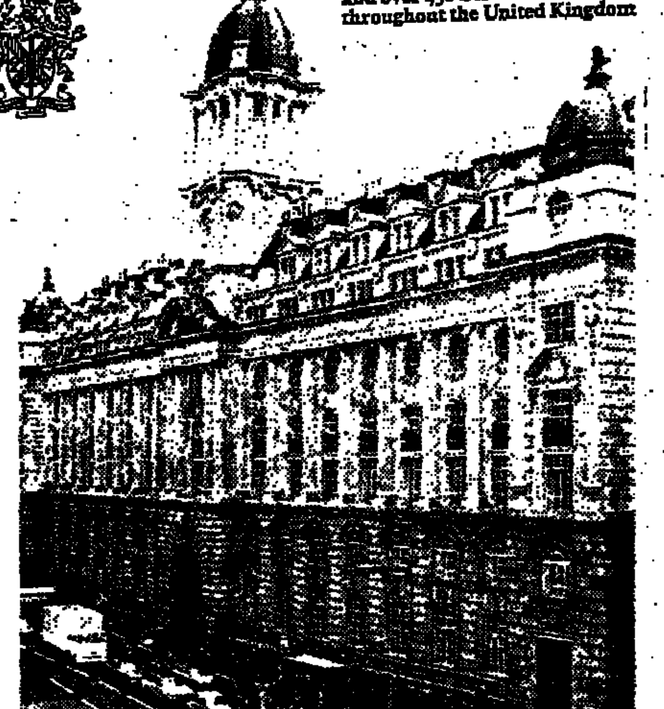
He also began to strip his own companies of assets when his schemes began to collapse in deals which were advantageous only to himself. He gave false evidence to the Takeover Panel, and generally acted improperly as a director.

Mr. Selmes never appeared before the inspectors. In March 1977, they taunted him with leaving the other witnesses to "face the music," saying that "perhaps in the end, that is how you will have to be judged." But they note in the last lines of the report. "No reply whatsoever was received to this letter."

This note represents the last positive piece of investigation by the inspectors. But it was not until two years later that their report appeared.

# PEARL ASSURANCE COMPANY LIMITED

Chief Office, High Holborn and over 450 District Offices throughout the United Kingdom



## "The duty of financial institutions is to serve the best interests of those whose funds they hold, their policyholders, members and beneficiaries, and it has been demonstrated time and again that their separate exercise of this duty is consistent with the efficient financing of the Country's economy."

Statement by the Chairman, Mr. F. L. Garner

Stockholders will see that the Annual General Meeting has been called for a date two weeks later than has been customary in recent years. This is due to the increasing complexity of accounting and other requirements and we intend to keep it at the corresponding date, at any rate for the next few years. Stockholders will receive their dividends only one week later than last year.

Several changes have taken place in the Company's Board and senior Management since the publication of my statement at this time last year. Before reporting on these, however, I feel that I should refer to the sorrow of myself and my colleagues, in which I am sure stockholders, particularly those of long standing, will join us, at the passing of Sir Geoffrey Kitchen in December last. He had served the Company in many capacities, including a long period as our Chairman and subsequently as President until his retirement from the Board at the end of 1976.

To the great sorrow and regret of his colleagues, Mr. H. W. Sharp died in January of this year. He had given the Company long and loyal service, having risen through the field organisation to become a Divisional Manager, and since his retirement from that office having served as a Director.

I am pleased to say that Mr. T. C. Crowther, who retired as a Divisional Manager at the end of 1978, accepted an invitation to join the Board on 1st March 1979 in a non-executive capacity.

Mr. J. R. C. Elmslie, who has been the Company's Actuary since February 1977, was appointed a Director on 1st January 1979, whilst retaining his executive office. Proposals for the election of Mr. Elmslie and Mr. Crowther will be put to the stockholders at the Annual General Meeting.

Mr. T. W. Lewis, General Manager (Personnel and Administration), and Mr. E. T. Blythe, the Company Solicitor, retired from these executive positions on 31st December 1978 and 31st January 1979 respectively. Both of these gentlemen will continue to serve as Directors.

The net effect of the above changes is that the Company now has twelve Directors, the maximum number permitted by the Articles, and of these seven are non-executive. There is nothing sacrosanct about these particular numbers, but we believe this general pattern is suitable to the Company's needs and it is still our hope that we shall not have a changed structure forced upon us by inflexible legislation.

Mr. N. N. Proddow has relinquished the position of Company Secretary to assume the duties of General Manager (Personnel and Administration). Mr. R. Fearn has been appointed Company Secretary and Mr. R. W. Bevitt has become the Company Solicitor.

### LONG-TERM BUSINESS

#### New Life Business

In the industrial branch, new annual premiums increased from £12.7 million to £16.9 million and sums assured from £190 million to £235 million. 1977 new business was affected by the dispute with our agency staff referred to in last year's report, so that the growth was less substantial than immediately appears. New premiums were in fact 13 per cent above the figure for 1976. The figure would have been higher but for a change in our policy dating system that resulted in only 50 weeks of written new business being credited.

Another reason why the industrial branch did not grow as fast as it might have done was the concentration on the ordinary branch, in which we had our most successful year ever, completing more than 100,000 new policies for the first time. Contrary to our forecast at the half way stage, the second half of the year was nearly as good as the first. New annual premiums were up from £9.0 million to £13.3 million and annuity considerations and single premiums from £5.2 million to £6.9 million. The dispute in 1977 had little effect on this branch and the growth of 48 per cent in new annual premiums was considerably larger than that achieved by the market as a whole. The primary reason for this success was our new self-employed annuity contract, which was the subject of an extensive advertising campaign, mainly on television, backed up by the personal efforts of our field staff. The self-employed are excluded from the new state pensions legislation and still have to depend upon their own efforts to provide themselves with an adequate pension. The policy therefore clearly meets a genuine public need. As a result, our total annuity new business amounted to £40.4 million of annuities per annum, as against £13.4 million per annum in 1977. This was achieved without detriment to our life assurance business, for which sums assured increased from £342 million to £409 million. It was particularly gratifying that the impetus given by our advertising campaign, which mainly took place in the spring, was maintained throughout the year.

Except for the total number of policies, the above figures exclude the asset-linked new business completed by our subsidiary Pearl Assurance (Unit Funds) Limited. As forecast last year, our specialised sales force has been expanded and there has been a further significant growth of the new business. New annual premiums have increased from £255,000 to £1,310,000 and single premiums from £1.2 million to £5.5 million. These figures are before reassurance of the life risk with the parent company. We are making these policies the main subject of our advertising effort in 1979 and, judging from the results of the first quarter, confidently predict a further substantial increase in new business.

Pearl (Unit Funds) is an investment of the stockholders' fund, which has so far invested £350,000. No return is at present being received on this investment, since we consider that the first priority is the need for expansion. The rate of expansion will be kept under review but the present policy is, we believe, right in the long term. Stockholders should regard this investment as the development cost of a new and additional source of business, from which profits will arise in the future.

#### Life Business in Force

The total life business in force at 31st December 1978 comprised sums assured and bonuses of £3,594 million, £1,463 million in the industrial branch and £2,131 million in the ordinary branch, compared with £3,280 million a year earlier. Annuities and bonuses amounted to £77.6 million per annum, compared with £40.1 million. Combined premium income (including annuity considerations) was £145 million, £82 million in the industrial branch and £63 million in the ordinary branch, compared with £130 million. Total payments to policyholders in the form of claims, surrenders and annuity payments amounted to £88 million, compared with £84 million in 1977. Surrender payments were virtually the same amount as in the previous year. This is particularly gratifying since surrender values were improved during the year and shows that, in real terms, surrenders are continuing to decrease.

For Pearl Assurance (Unit Funds) Limited, progress is best measured by the size of the three investment funds, which represent the value of the savings of policyholders to date. These have increased from nearly £3.0 million to over £8.5 million.

In the industrial branch, the expense ratio has increased from 40.02 to 41.34 per cent. This partly arises from 1977's low figure of new business, which bears heavier expenses, but there is an increase even when compared with 1976. In the ordinary branch, the expense ratio fell from 34.10 to 32.93 per cent in spite of the increase in new business. This partly reflects the different mix of new business written during the year.

#### Overseas Life Business

We have transferred the Kenya currency portion of our East Africa portfolio to Kenya National Assurance Company Limited. Since this portfolio was closed to new business in 1970, the cost of the operation has been steadily increasing and we consider that this transfer will in the long term benefit both stockholders and policyholders. Some legal formalities were still outstanding on 31st December 1978 but have since been completed. The transfer will accordingly be reflected in the 1979 accounts. Our local staff have been employed by Kenya National and our Nairobi branch closed down. The small amount of East African business remaining in force is being serviced direct from London.

#### Life Valuations and Bonuses

The valuation of the ordinary branch business has been made on the same bases as for 1977. The surplus for the year was £31.0 million, an increase of 18 per cent on the previous year. Part of this increase is due to the rapid growth of the business in force and part is due to the caution employed in the 1977 valuation, as explained last year. The balance is mainly due to the increased yield on the fund and we are therefore able to make substantial increases in the reversionary bonuses on United Kingdom policies. These have been increased by 25p to £4.20 per £100 sum assured or annuity (30p to £4.95 for pensions business) for policies in force for less than five years and by 35p to £4.85 (40p to £5.80 for pensions business) for those in force for five years or over. The supplementary bonus on certain self-employed deferred annuities has also been increased. The terminal bonus, which is related to unrealised capital gains on equity-type investments, has been increased from 1.15 per cent (1.50 per cent for pensions business) of the sum assured (or annuity) and bonus for each year that the policy has bonuses attaching, excluding the first three years, to 1.20 per cent (1.60 per cent for pensions business) subject to a maximum of 24 per cent (32 per cent for pensions business).

The bonuses declared for the overseas territories are similar to those declared for 1977.

The valuation basis of the industrial branch business has been altered, but in such a way as to give substantially the same liability under the new basis as would have been the case under the old one. The surplus for the year was £26.2 million, an increase of 16 per cent on the previous year. This results from the increased yield on the fund, as in the ordinary branch, and from the rapid growth in our business in the early 1970s among policies that are now contributing to surplus. Increased reversionary bonuses have been declared for the policies that have been in force for the longer periods and the terminal bonuses have been increased by amounts that are roughly equivalent to the increase granted in the ordinary branch.

#### Capital Redemption Fund

A substantial group of policies, amounting to over half the fund, was surrendered during the year. As a result, an exceptional profit has arisen and this is represented by the transfer of the unusually large amount of £140,000 to the profit and loss account. Future transfers will inevitably be lower than in the past.

### SHORT-TERM BUSINESS

#### Results

When publishing our provisional half-year figures in August, we stated that, in view of the estimated out-turn at that time, the general branch seemed unlikely to contribute to profits in 1978. Happily, the second half of the year produced more satisfactory results but the outcome illustrates the difficulty of forecasting results in this branch of our business.

Premium income (excluding MAT and subsidiary companies) amounted to £37.8 million, an increase of £4.6 million (14 per cent) over 1977. There was a world-wide underwriting loss of £3.2 million compared with the 1977 loss of £3.0 million, the comparative revenue account losses being:—

| | 1978 £mn | 1977 £mn |
|---|---|---|
| Property | 1.7 | 1.7 |
| Motor | 0.4 | 1.3 |
| Liability | 0.5 | 0.1 |
| Others | — | 0.2 |
| Reinsurance Treaties | 0.6 | 0.3 (profit) |
| | 3.2 | 3.0 |

Gross investment income amounted to £4.0 million compared with £3.6 million in 1977 giving a net trading surplus of £786,000 against £553,000 in 1977.

#### United Kingdom

Eighty-nine per cent of our business was written in the United Kingdom. Overall premium growth was unchanged at 15 per cent but there was a marked change in the pattern of growth. In the motor account, the elimination of unprofitable motor cycle business resulted in a small reduction in premium income whereas, in the property account, premium income grew by 37 per cent, mainly because of the increases we applied in premium rates and insured values. The effect of the changed growth pattern on the property and motor shares of total premium income was a rise from 43 per cent to 51 per cent in the former and a fall from 44 per cent to 35 per cent in the latter.

There was an improvement in the overall underwriting results, the loss for the year being £2.7 million against £3.2 million in 1977. The property account loss remained the same at £1.7 million, reflecting the losses incurred in the first half of the year, the main cause being the high incidence of weather claims under household business which forms the bulk of our property account. The motor account loss was reduced from £1.4 million to £0.5 million but there was an increase from £0.1 million to £0.5 million in the loss in the remaining accounts due mainly to a few large liability claims. In contrast to the first six months, the second half-year produced small underwriting profits in both the property and motor accounts.

However, household business continues to be a difficult problem for the whole market and a particularly difficult one for us because of its prominence in our property account. It is costly to administer and in recent years claims costs, which are generally concentrated in the early months of the year, have outstripped premium growth through the combined effects of inflation, under-insurance and a rising frequency of claims. The remedial action we have taken brought about a reduction in the claims ratio in 1978 and it will combine with the further action we are taking to have a beneficial impact in 1979. Unfortunately, this may not be enough to offset the additional load that will have to be borne as a result of the very high level of claims arising from the particularly adverse weather conditions in the early months of 1979.

#### Overseas

Our overseas branches and agencies contributed 6 per cent of our premium income with an outcome of £0.1 million underwriting profit and £0.4 million trading surplus. The results of the Central Africa branch were again very good and reflect the dedicated effort of management and staff in particularly difficult conditions. We have transferred our short-term business in Rhodesia to a wholly owned subsidiary company, "Pearl General Insurance Co. (Private) Ltd", which was registered in February 1979.

#### Reinsurance Treaties

The adoption of a more stringent accounting basis for this business has strengthened the fund but has contributed to our underwriting loss of £0.6 million.

#### Marine, Aviation and Transport

Trading conditions in the marine and aviation markets continue to be very difficult as rates are depressed by intense competition. The 1976 account was closed with an underwriting loss and it has been necessary to transfer £200,000 from the profit and loss account to maintain the fund at an adequate level.

#### Subsidiary Companies

The combined premium income of our three subsidiary companies in Brazil, Portugal and the USA amounted to £14.3 million against £17.6 million in 1977. The decrease was due to conversion at higher sterling rates and to continued pruning of unprofitable business in the US subsidiary.

The sterling equivalent of the net trading surplus of the US subsidiary as shown in its local accounts was £700,000 and of the Brazilian company £200,000. The company in Portugal is likely to show a small trading loss reflecting the difficult conditions of that market.

### INVESTMENTS

Separate balance sheets are shown for the long-term, short-term and stockholders' funds and the supplementary statement given on page 24 of this report shows the comparative market values and balance sheet values of each fund together with the gross income earned. The figures in these comments relate to the Company as a whole, the long-term fund being the dominant factor.

Total gross investment income at £105 million showed an increase of some £13 million over the previous year of which £6.9 million was attributable to equity investment including real property.

At the year end short-term deposits in the United Kingdom amounted to almost £10 million compared with £9 million the year before. Of such deposits £5.3 million related to the long-term business and represented 0.5 per cent of the assets of the long-term funds. During 1978 the gilt-edged portfolio was increased by over £59 million against £45 million in the preceding year. Gross advances under house purchase mortgages totalled over £12.8 million, with net lending amounting to £4.5 million.

Net equity share investment, largely in United Kingdom shares, exceeded £23 million compared with £32 million in 1977. The property portfolio was increased by £10.2 million; forward commitments at the end of the year stood at only £7.8 million, but opportunities are constantly being sought.

Over the past three years, £135.5 million has been invested in gilt-edged stocks, £95.8 million in equities and £16.8 million in property, the comparatively low level of the latter figure being due to the failure of propositions to come to fruition rather than any lack of faith in property investment.

The gross yields on the life funds were 10.70 per cent (1977 – 10.14) in the ordinary branch and 10.75 per cent (1977 – 10.25) in the industrial branch.

We continue to believe that in the long run the best prospect of obtaining a positive real return lies in investment in a diversified portfolio of industrial and commercial equity shares and in carefully selected real property. Given the uncertainties which surround the future, and given the nature of our liabilities, prudence nevertheless requires us to maintain a significant proportion of our assets in gilt-edged securities, but even at the apparently high interest rates ruling today it will require a substantial and sustained reduction in the rate of inflation if those investors who pay tax on interest income are to see some real return from this type of investment.

Equity share investment is still distorted by dividend controls, which can have little if any bearing on the containment of inflation. These controls have no effect whatever upon the level of profits, but they simply freeze profits where they are made instead of allowing them to move to where they can more usefully be employed. All companies differ and it would seem rational to allow each of them to judge what level of profit retention is necessary in its particular circumstances.

### PROFIT AND LOSS ACCOUNT

The transfers from the long-term funds amount to £5,686,000 as against £4,698,000, an increase of 21 per cent. The transfer from the general branch account has been increased to £786,000 from £553,000 but this is partly counterbalanced by the transfer out to the marine, aviation and transport account which has increased from £50,000 to £200,000.

Investment income on stockholders' funds is £1,406,000. After allowing for other income, expenses and taxation, the net profit for the year is £6,478,000. After the transfer of £500,000 to the general branch reserve fund and the proposed increase in the dividend, the carry-forward has been increased to £5,078,000.

### THE ROLE OF FINANCIAL INSTITUTIONS IN THE ECONOMY

Nowadays a great deal is being written and said on this subject. Much of this comment is by no means critical of institutional attitudes, but it is clear that those who seek for political reasons to nationalise insurance companies, or to direct the investment of their funds along with those of the pension funds, are quite unwilling to be influenced by rational arguments. It is necessary to guard against the danger that often repeated criticism, however unjustified, may become the basis for imposing needless and harmful controls.

Concern is frequently expressed at the very large sums which accumulate in life assurance and pension funds, and at the great power over the economy which this is alleged to place in the hands of those who manage these funds. This power would exist only if the institutions involved were to act in concert to decide where investment should be made and where it should not. This is plainly not the case and so long as competition exists it cannot be the case, the only exceptions being in rare instances when the institutions have been persuaded to combine to provide finance at the instance of Government or the Bank of England. Indeed the very power at which concern is expressed would in fact be brought into being by direction of investment, which itself would concentrate investment funds under one control.

The duty of financial institutions is to serve the best interests of those whose funds they hold, their policyholders, members and beneficiaries, and it has been demonstrated time and again that their separate exercise of this duty is consistent with the efficient financing of the Country's economy. Direction of investment would be a form of collective financing aimed at imposing on a large number of investors a course of action they regard as undesirable in their capacity as trustees for the funds they manage. In this matter I believe our industry should stand firm, meeting persistent but ill-informed criticism with persistent and well-informed answers. There is nothing to be gained in this field by seeking peace through conciliation, for each concession made would be treated as no more than a step towards the next.

### LIFE ASSURANCE PREMIUM RELIEF

In my statement for 1976 I mentioned the forthcoming change in the method of granting tax relief on life assurance premiums to qualifying policyholders. This change took place on 6th April 1979 and most of the relevant work was undertaken within the preceding six months.

In the industrial branch, the main work has been related to the delivery of notices informing two million policyholders of their rights and the completion of forms on which the holders of some 200,000 policies for premiums greater than £4 monthly could notify their decision as to which of two options they wished to exercise. The cost in direct payments to our field staff for the additional work involved approaches £700,000. The costs at Chief Office are harder to quantify. Additional staff have been employed and overtime worked. However, perhaps the most important factor has been the hidden cost that results from the diversion of staff from work designed to improve our administrative system to the work involved in setting up the necessary organisation to cope with the changes.

Nearly all of our industrial branch policyholders are now receiving their tax relief by what is known as the 'increased sum assured' method, that is to say, the premium payable remains the same but now represents the net premium after tax relief and the policy benefits have been appropriately increased. The tax relief obtained from the Inland Revenue is effectively an increase in premium income and the expense ratio in 1979 should therefore show a decrease in spite of the heavy expenses mentioned above. However, this increase in income is not available to increase profits. Since it is effectively a form of forced saving, we are under an obligation to return it to policyholders in the form of improved benefits, the liability for which will offset the increase in assets from the higher premiums.

In the ordinary branch, policyholders will be notified on their renewal notices of the gross premium, the amount of tax relief and the resulting net premium payable. While the system is inherently simpler for policyholders, substantial work has resulted from the need to investigate the eligibility of policies for tax relief.

In future, we think that the new system will make policyholders more conscious of the relief granted on life assurance premiums and will encourage them to take out larger policies. This will be to the eventual advantage of policyholders, stockholders and field staff.

### CONSUMER AFFAIRS

I commented last year upon the growth of consumer protection and the potential danger that the interests of the majority might be adversely affected by the overdemanding wishes of the minority. A balance has to be kept so that, as far as is practicable, benefits and bonuses are maximised, while those who have problems and complaints which they legitimately wish to have promptly and fully dealt with are given fair service, albeit at a cost.

One development during 1978 has been the introduction of regulations prescribing a 'cooling-off period' of ten days in respect of most ordinary branch policies, although this will not come into effect until the end of this year. We regard this with mixed feelings. Undoubtedly it damages the reputation of British life assurance as a whole if a policyholder is persuaded into taking up a policy which is not in accordance with his requirements. If any office is writing business in this way, it should be restrained. In the Pearl, we take pride in building up goodwill with our clients and I hope that such occurrences are rare and would be set right without the need for legislation. The main effect of the new regulations, as far as we are concerned, is that we are compelled to set up a time-consuming procedure at a cost which will mainly be paid by policyholders through higher premiums or through reduction in the surplus available for bonuses.

Some criticism has been made of the life assurance industry because of the number of policies that are surrendered. Almost any surrender means that the policy no longer achieves the purpose which the policyholder had in mind when he took it out. This does not, however, mean that the original purchase was a mistake. It may be that the policyholder's circumstances have changed. If, for example, he took out a mortgage protection policy some years ago and is now selling his house, he may wish to surrender his existing policy and take out a new one to cover the new mortgage on the appropriate scale. Alternatively, it may be the surrounding circumstances that have changed. If a policyholder took out a small whole life policy in the 1940s, he might legitimately feel that it no longer served any useful purpose. In view of the fact that we have in force over a million industrial branch policies dated before 1950, I feel that it is not unsatisfactory that the number of policies surrendered each year is less than 3 per cent of the whole number in force.

### TRIBUTE TO THE STAFF

Like 1977, 1978 has been a particularly difficult year for our staff. The dispute with our agency staff in 1977 left a considerable backlog of work. This necessitated extensive overtime working by our clerical staff in the early months of the year and in some departments this persisted until the year end. The situation was exacerbated by the need to carry out work in 1978 preparatory to the introduction of the new system of tax relief on life assurance premiums which started in April 1979.

Our salaried staff have therefore been working under considerable difficulties and I and my colleagues would like to express our particular gratitude to them. Fortunately, and despite the inflexibility of the incomes policy, we have been able to reward the increased work they have put in through our productivity bonus scheme, which shares the improved clerical productivity between the Company and the staff concerned. This is a carefully devised and properly monitored scheme, based upon a proper measurement of savings, and is not a device for the evasion of incomes policy.

Because of the operation of the commission system our field staff are largely insulated from incomes policy and, of course, benefit directly from improved production. They have nonetheless had additional work to do this year, in clearing up after the dispute, in preparing for the change in premium relief and in obtaining our excellent new business results. We should like to express our appreciation to them also.

**The Annual General Meeting of the Company will be held on June 6th at 12 noon at the Registered Office, High Holborn, London WC1V 7EB.**

### EXTRACTS FROM 1978 ACCOUNTS

| | 1978 | (1977) |
|---|---|---|
| ✳ New Life Premiums per annum | £30.2m | (£21.7m) |
| ✳ New Life Sums Assured | £644m | (£532m) |
| ✳ Life Premium Income | £146m | (£130m) |
| ✳ Life Surplus allocated to policyholders | £50.2m | (£42.3m) |
| ✳ Assets of Long Term business —Balance sheet value | £1,029m | (£929m) |
| —Market value | £1,480m | (£1,368m) |
| ✳ General Branch premium income | £37.8m | (£33.2m) |
| ✳ General Branch underwriting result | £3.2m loss | (£3.0m loss) |
| ✳ General Branch trading result | £0.8m profit | (£0.5m profit) |
| ✳ Assets of Short Term business and Stockholders' funds —Balance sheet value | £68.1m | (£61.0m) |
| —Market value | £88.4m | (£83.0m) |
| ✳ Profit and loss account income (net transfers plus investment income less taxation) | £6.5m | (£5.6m) |

✳ Total assets of the Group increased by £111 million to £1,132 million

# Milk price likely to rise

BY CHRISTOPHER PARKES

BRITISH DAIRY distributors are confident that the retail price of milk will go up 1p a pint next month and a further ½p in the autumn.

Delegates at the Dairy Trade Federation annual conference in Birmingham said the increase was necessary to prevent them from running into severe losses by the end of this year.

Recent wage agreements with dairy staffs and milk roundsmen were costing the trade more than ½p a pint, one London distributor said. Fuel and processing costs were also rising.

## Consumers

Federation officials are pressing Mr. Peter Walker, the new Minister of Agriculture, for approval of their claim for bigger margins.

Extra payments for distributors are unlikely to be taken out of the farmer's price, so consumers seem certain to bear the brunt.

Many farmers are short of funds because they had to buy manufactured feed during the long winter.

Milk, which accounts for 10 per cent of the average family food bill, is highly sensitive to price changes.

There was a pronounced drop in consumption after the rise of 1p on November 5 last year, although sales have since improved, recovering most of the losses.

At the time of the November increase, Mr. John Silkin, then Minister of Agriculture, promised there would be no further increases until next autumn.

# Testing time for fibre-makers

BY RHYS DAVID

BRITAIN'S man-made fibre industry is expecting only a modest improvement in output over the next four years, with worldwide over-capacity and pressure from imports likely to remain significant.

The predictions, in the report of the industry's sector working party, come only a week after the announcement by Monsanto, one of the main European fibre producers, that it is to cut 2,300 jobs in Europe in nylon—1,500 of them in Britain.

The working party notes that about 10,000 employees, or roughly 20 per cent of the labour force, has left the industry in Britain since 1973-74, but it says further decline is likely to be at a reduced rate.

The background against which the industry has been operating, the report says, is one of static demand over the past five years, without putting 1978 below 1976 and 1973.

## Spending

Though consumer demand for textiles rose substantially in 1978, increased imports of garments, fabrics and yarns resulted in little of the benefit for domestic fibre producers. The switch to lighter-weight clothing has also reduced the amount of fibre used.

Over the next four years, spending is assumed to increase by 9 to 10 per cent on textiles, roughly in line with total consumers' expenditure but the tonnage increase is expected to be only 3 per cent, or less than 1 per cent per year. As such, the report notes, there is little prospect of expansion, as a result of growth in consumer demand.

But the industry predicts an annual rise in output averaging about 2 per cent over the next four years, based mainly on hopes of improvements in the fibres trade balance.

Imports in 1978 from developing countries rose by 17 per cent, but with the GATT Multi Fibre Arrangement—the agreement which regulates world textile trade—now working more effectively, the 1978-1982 import growth level is expected to be only 4 per cent a year. The report admits, however, that this figure may prove optimistic.

Also, imports from developed countries—outside the scope of the MFA—rose by 26 per cent in 1978. This was due to the consumer boom in the UK when continental demand was depressed.

The report said: "A large part of the increase was due to exceptional circumstances, and growth from 1978 to 1982 is expected to fall to 2 per cent. This assumes that the Lancashire industry is able to increase its currently limited capacity for the fabrics which are in demand."

UK textile and garment exports fell last year by 6 per cent, partly because of poor demand in Europe.

In its recommendations, the working party points to the need for the MFA to be operated effectively. It also warns that the textile and clothing industries—the fibre-makers' customers—must become more competitive to prevent a further deterioration in the trade balance.

The report also gives its support to a restructuring of the European synthetic fibres industry, so that a balance can be struck between supply and demand. If these changes take place, the report claims, the fibre industry should be able to manage a return to profitability, enabling it to continue to invest in new technology.

Further evidence of the continued recession within the industry has come in figures published by the British Man-made Fibres Federation for the first quarter of 1979. These show that production at 148,000 tonnes was down 7 per cent on the final quarter of 1978 and 2 per cent on the first quarter fo 1978.

The drop is partially accounted for, however, by the industrial troubles during the period, in particular the haulage strike.

*Man-Made Fibre Production Sector Working Party: Progress Report, 1979. NEDO Millbank Tower, London, SW1P 4QX.*

# Record year of £258m for ice cream sales

By David Churchill, Consumer Affairs Correspondent

ICE CREAM sales last year reached a record £258m in spite of a poor summer, according to a report from the Walls ice cream manufacturers, published yesterday.

Although the general increase in consumer spending last year was the main reason for sales increasing by £42m, the report points out that the weather remains the biggest single factor influencing sales. Thus, if the present fine weather turns into a good summer, then the ice-cream manufacturers expect further record growth this year.

The report makes clear that a significant part of the higher sales turnover in the industry was due to higher prices rather than more ice cream being consumed. During the long hot summer of 1976, ice cream sales rose by just over 21 per cent in value, compared with a 19.5 per cent increase last year. But volume sales in 1976 reached a record 312m litres, compared with only 275m in 1977 and 295m last year.

The report suggests that higher sales value being reached on a lower volume reflected the fact that more people, especially adults, were eating more higher priced quality ice cream. Sales of Wall's Cornetto, for example, have doubled over their 1977 levels. Walls claim this variety has been the most successful launched in the UK since the war.

Walls also suggest that the continued rise in home freezer ownership was another factor in boosting sales. Last year freezer ownership increased from 38 per cent of households to over 40 per cent.

Market research has shown that freezer owners tend to buy ice cream all the year round, thus reducing the effect of seasonal variations on sales.

The fastest growth area in retailing ice creams came from grocers and specialist freezer centres where ice cream sales were up by a fifth. These outlets between them now account for a quarter of the £258m market. It was grocers, however, who provided the fastest growth of the two outlets, with grocers' sales up by 28 per cent compared with 13 per cent for freezer centres.

This is the first time that the grocery retailers have overtaken freezer outlets in terms of volume sales of ice cream. The trend towards incorporating instore freezer sections in the larger supermarkets is a major factor in the changing pattern of sales, say Walls.

# State help sought to improve rented sub-standard homes

BY ANDREW TAYLOR

A CAMPAIGN to promote greater Government financial assistance for private landlords seeking to improve sub-standard properties has been launched by the National Home Improvement Council, which is to publish a consultative document soon.

Among other measures the NHIC wants to see are larger and more readily available improvement grants for private landlords and the introduction of back-up loan facilities to help cover the difference between the actual cost of improvement work and the grant itself.

The NHIC said the Government should also consider establishing an agency to co-ordinate the renovation of dwellings in the private rented sector, possibly coming under the umbrella of the Housing Corporation. Additionally, a fairer system of calculating rents for improved properties should be devised.

The Council says the private rented sector provides accommodation for some 7m people, although it comprises only about 2.8m dwellings—some 13 per cent of the total housing stock.

It adds that about 1m privately-rented houses can now be classed as sub-standard, representing just over a third of the total UK sub-standard housing stock. An additional problem is that many of the dwellings in urgent need of rehabilitation are older houses where defects tend to cost more to repair.

"We are concerned that the housing stock in the private rented sector will continue to deteriorate unless some solutions are offered to the reputable landlord to improve the stock."

Landlords prepared to meet certain basic criteria should be eligible for grants up to 100 per cent of present limits while loan finance should also be available. In return, landlords should be prepared to register property with a central agency for a minimum period of five years with a guarantee that it will be available at a rent to be agreed by a formula approved by the agency.

## Rent rises

The rent formula should take into account such factors as the current "fair rent" system, the cost of improvement and movements in wage and cost of living indexes. Any increase in rent should be applied in stages over the five-year period.

Should a landlord wish to sell the property during this period the agency should have first right of refusal at a "pre-improved agreed price modified by any agreed expenditure by the landlord." The object of the agreed rent formula would be to entitle the landlord to receive a fair rent on the improved property taking into account economic and social factors affecting housing.

The NHIC says that it will be sending its consultative document to all interested parties, and will recommend that the Department of the Environment set up an independent working party "to consider the problem of the high proportion of substandard dwellings in the private rented sector and to advise how this problem can be best alleviated."

# Lady Howe leaves her job

LADY HOWE, wife of the Chancellor, has resigned from her £8,275 job as deputy chairman of the Equal Opportunities Commission. She has told the Home Secretary that it would not be appropriate for her to stay in the job because of Sir Geoffrey's appointment, the Home Office said yesterday.

# Crown Agents inquiry to hear from former finance director

BY TERRY OGG

THE TRIBUNAL inquiring into the losses of more than £200m incurred by the Crown Agents, after its 1967-74 involvement with secondary banking and property, is expected to start hearing evidence later this week from Mr. Alan Challis, a former finance director, and a key figure in the development of the Agents' fringe activities.

According to a report on the Crown Agents, tabled in Parliament 18 months ago, the characteristics of the Finance Directorate under Mr. Challis included "unjustified risk taking; a lack of regulation and control and an aversion from taking advice; secretiveness; a low standard of commercial ethics and a haphazard choice of associates."

The report said that Mr. Challis was described to it as adventurous and, together with his subordinates "imposed his authority and brooked no interference."

Gentlemen.

It went on to say that it had no doubt the major decisions were taken by Mr. Challis and that loans to Mr. William Stern's property group and to the GCA Capital Corporation were made at his behest. A table in the report shows that losses incurred as a result of involvement with the Stern Group totalled £41.2m and with GCA amounted to £1.9m.

## Losses

"The risks Mr. Challis ran stemmed from two causes," the report concludes. "First the nature of the investment, and second the extent of the involvement in them: Prudent banks, though they lent to Mr. Sterns at the time, did so with a proper regard to security and in such proportions as to ensure that losses could be accepted without affecting their own solvency.

"With Crown Agents on the contrary it was a case of too many eggs in too few baskets."

The present Tribunal was set up following the tabling of the report in Parliament to investigate "to what extent there were lapses from accepted standards of commercial or professional conduct or of public administration," in connection with the losses in the period 1967-74.

The chairman is Mr. Justice Croom-Johnson and there are two other members—Lord Allen of Abbeydale, a former senior civil servant, and Sir William Slimmings, a leading City accountant.

It has been taking evidence from a variety of employees, former employees and associates of the Crown Agents over some 94 sitting days on the first of its planned six major areas of interest.

The remaining five include evidence from the legal firm, Davies Arnold and Cooper, former solicitors to the Crown Agents; then the Ministry of Overseas Development will be called. It will be followed by evidence from the Treasury, the Exchequer and Audit Department, and finally the Bank of England.

# Forging unit 'world's largest'

BY OUR OWN CORRESPONDENT

AN AUTOMATIC forging machine, claimed to be the world's largest, with a capacity of 40,000 tonnes a year, is now undergoing final commissioning work at Firth Brown, the Sheffield private sector steelmaker and forgemaster. It was made by GFM of Steyr, Austria.

Mr. Arthur Hogg, Firth Brown's managing director, said the machine would complement existing operations within the steel division of Johnson and Firth Brown, of which Firth Brown is a member.

He expected substantial yield savings, which are now particularly important in view of fast-rising alloying material prices, together with considerable quality and metallurgical benefits from the Austrian-made machine.

Another Sheffield company, Hadfields, which is a Lonrho subsidiary, has already pulled out of large-scale forging, citing the Firth Brown GFM machine as one of the reasons.

Only one other forging machine of similar size is likely to be commissioned in the near future and that is earmarked for China. Two other GFM machines are already at work in Britain, with a third on order. All three are far smaller than the Firth Brown model due to come into production next month.

The building housing the machine is only 500 yards from Sheffield city centre. Special attention has been paid to noise abatement, landscaping and building design.

## CONTRACTS

# Cameron Forge pipework order

CAMERON FORGED PRODUCTS of Livingston, Scotland, has won contracts worth around £2.8m. In the UK, it has received orders valued at £1.3m for hot reheat boiler feed pipework for the Drax "B" power station. Three contracts worth £858,000 have been won from Australian concerns. The first from Alton and Co. for pipework for the Loy Yang coal-fired power station is worth £500,000. The second is a £300,000 order from Melesco for heavy wall pipe for separator vessels and the third comprises heavy wall pipework valued at £58,000 for Eraring power station. Other export orders include a £220,000 steam pipework contract placed by Nordon Company of France and installation work costing £421,000 at the Battle River power plant in Canada.

# Biscuit exports fall by 20%

BRITAIN LOST about £2m worth of biscuit exports during the first quarter of the year because of the January road haulage strike. Disclosing these figures at the annual meeting of the Cake and Biscuit Alliance, which represents 95 per cent of British biscuit and packaged cake manufacterers, Mr. David Cramb, the chairman, added: "These exports sales are lost—perhaps forever—and with that loss unfortunately jobs are lost also.

The export loss, which represented a 20 per cent drop from the same period last year, together with a 7.3 per cent drop from last year in home trade volume in the period, fully justified the crisis warnings by the alliance early in the new year, stated Mr. Cramb.

# Council to halt house sales

IPSWICH'S new Labour-controlled council is planning to stop the sale of council houses. Councillor Doug Grimwood, the housing spokesman, said there was a great need for rented accommodation in the town with 2,500 people on the council waiting list.

# Axe on inner city renewal feared

By Maurice Samuelson

VOLUNTARY and community groups say they are worried that the new Government will stop funding their part in the inner cities renewal programme launched a year ago by the Labour administration.

About £7m of central Government money will be spent on voluntary sector projects in 1979-80. But the organisations, which provide supervisors and community workers for a wide range of social activities in the inner cities, are worried that they will be affected by the Conservatives' pledge to reduce public expenditure.

In a memorandum to Mr. Michael Heseltine, the Environment Secretary, the National Council of Social Service, which represents some 200 voluntary bodies in England, says that the voluntary sector had made a "tremendous practical contribution" in the first year of the programme. It was anxious that the commitment to community involvement spelled out in the 1977 White Paper on inner cities should be sustained.

# Poet's birthplace extended

A £12,000 extension to Wordsworth's birthplace in Cockermouth was opened yesterday by Mrs. Mary Henderson, great-great-granddaughter of the poet. The Countryside Commission gave £6,000 towards the scheme, which was undertaken by the National Trust, which now own the house where Wordsworth lived from 1770 to 1778.

Mrs. Henderson said that Wordsworth was now being read more than ever in the past because he wrote "for the ordinary, intelligent man in the street." He did much to promote and preserve the natural beauty of the countryside and its properties, in line with present National Trust work.

The extension consists of an adaptation of an old stable to house a visual display made by C.A. Visual of Carlisle, and a new shop.

# April retail figures delay

THE DEPARTMENT of Trade has postponed issuing the provisional UK retail sales figures for April—originally planned for yesterday—until Thursday. The delay is due to postal difficulties in some parts of the country.

# UK NEWS

## £343m building society inflow —and the outlook stays bright

BY MICHAEL CASSELL

BUILDING SOCIETY net receipts last month reached their highest level since last October as the revival in inflows continued, and the societies say the outlook remains bright.

Demand for loans remains strong, however, and there is as yet no prospect of any cut in the mortgage rate.

Net receipts last month were £343m against £257m in March. This was the first time since October, when the total was £363m, that the monthly intake exceeded £300m. But the societies are not likely to contemplate any reduction in rates before receipts edge closer to £400m.

*Any early fall in general interest rates could, however,* provide the societies with an added competitive advantage which would boost the intake of funds and make reductions in their own rates a much stronger possibility.

The drain on liquid funds, which fell sharply in 1978 in order to supplement the lending programme, has now been halted, although the societies would prefer to see their liquidity ratio improve again before rate changes are considered.

Although the societies might like to be in a position to reduce rates from their second highest level *on record—the mortgage* rate stands at 11¾ per cent—they are also aware that the housing market is extremely volatile.

House prices have, after the major increases recorded last year, continued to move ahead more rapidly than had been expected and lower interest rates would serve only to increase pressures even further, and possibly deprive them of badly needed mortgage funds. How close an eye on developments the government will wish to take remains to be seen, though ministers will certainly not prevent any reduction in the mortgage rate, even if it fuels further house price rises.

According to the Building Societies Association, the societies lent £684m to home buyers during April, below the £726m total recorded in March but a reduction largely accounted for by seasonal factors. The societies also committed themselves to lending a further £711m.

During the first four months of 1979, mortgage commitments averaged about £700m a month, the same figure as achieved in the second half of 1978, representing around 60,000 loans each month.

## British building is slowest

BY ANDREW TAYLOR

IT TAKES longer to plan and construct a factory in Britain than in seven European and North American countries, according to the latest industrial building survey conducted by Slough Estates, the property developers.

However UK development costs are now much more in line with other countries than when Slough conducted its last survey three years ago.

The survey compares the time taken between planning and completion of 50,000 sq ft factory in the West Midlands with similar developments in other countries. It shows that it took 97 weeks to complete the British factory compared with 27 weeks in Canada and 38 weeks in the U.S.

Second worst performer after Britain was Australia, where completion took 77 weeks. Among European countries, Belgium took 43 weeks to completion, Germany 51 weeks, and France was fastest of all, taking just 41 weeks.

The survey lays special emphasis on the considerable time needed to win planning and building consents for British *projects. It took 35 weeks to* gain all the necessary consents for the West Midlands development, against four weeks in Canada and five weeks in the U.S.

However, Slough noted that there had been a discernible increase in the severity of building regulations in a number of overseas countries. Yet in the case of Canada some of their regulations have been relaxed, which may have aided its improved performance.

The UK also lags behind in time taken for actual construction work. In the West Midlands construction took 39 weeks compared with 21 weeks in Canada, 23½ weeks in the U.S. and 18 weeks in Germany.

Slough points to the availability of building materials as one major constraint on UK industrial development. It says that in countries like the U.S. there is greater reliability of deliveries and building materials tend generally to be of standard specifications so that it is easier to switch from one manufacturer to another when problems arise.

However, in terms of development costs the UK has improved its position since the last survey. Then only Belgium, the U.S. record. *This time Britain is* placed above Belbium, the U.S. and Germany—which has the highest costs of all.

In the intervening years, UK *development costs have risen by* only 5.7 per cent compared with an 86 per cent increase in Germany. However, allowing for the effects of currency movements, the German increase is reduced to 41 per cent, still higher than anywhere else.

The main recommendation of the survey is that planning and building regulations should be made simpler and the process of applying for consents made easier.

In addition, design could be helped through the use of standard construction methods and components while better deliveries of materials would assist construction.

It concludes: "If British business is to be competitive with similar enterprises overseas then it is essential that obstructive rules, regulations, traditions and practices should be eliminated."

## Thames rail bridge shut for repairs

By Ian Hargreaves, Transport Correspondent

THE PART of the Hungerford railway bridge in London which carries suburban services, mainly into Kent, was closed yesterday for major repairs.

British Rail is to spend £3m renewing cross-girders on the 134-year-old structure, which spans the Thames between Waterloo and Charing Cross.

Work should be completed by September 28.

The part of the bridge which carries mainline services is not affected. Similar girder replacement was carried out on that section in 1948.

Some commuters are being forced to use alternative stations to Charing Cross as a result of the closure. Season ticket holders are able to claim free travel on London Transport underground to complete their journeys.

## Bank wants subpoenas set aside

BY MICHAEL LAFFERTY

APPLICATIONS to set aside subpoenas that would require the Bank of England to produce *documents relating to Northern* Developments, the collapsed house-building company, will be heard in the High Court tomorrow morning. The Bank claims that compliance with the subpoenas would be against public interest.

The subpoenas have been issued by lawyers acting for Mr. Derek Barnes former chairman and managing director of Northern Developments, who is being sued by Williams and Glyn's Bank for repayment of loans and interest totalling £1.79m.

Mr. Barnes is counter-claiming that the bank prevented repayment of the main loan by damaging the assets which it financed namely the shares in Northern Developments.

## Bacon plant to close

BY RICHARD MOONEY

LAWSON OF DYCE, a Unilever subsidiary, is to end pig-slaughtering and bacon-curing at its Aberdeen factory at the end of August, with the loss of 600 jobs.

The company blamed the closure mainly on the EEC's green currency and monetary compensatory amounts systems which gave other Common Market producers an "unfair" advantage over domestic suppliers on the UK market.

Lawsons has 1,400 workers. It produces pies, sausages and pre-packed bacon. It said the redundanies would be "across the board," but would mainly *hit slaughtering and curing.*

The company had traded at a substantial loss for four years, the statement said, but the closure should put the operation back into the black.

After the announcement Mr. Sydney Fife, area organiser of the Union of Shop, Distributive and Allied Workers, called for Government intervention "at the highest level" to safeguard jobs.

Miss Nora Wright, of the National Farmers' Union, said the decision would hit local pig farmers badly.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

## Weighing a vehicle as it moves

AVAILABLE TO consumer protection officers in the fight to keep overloaded vehicles off the roads is an electronic axle weigher that can be used at the roadside, yet moved quickly from site to site.

This machine enables axle loads to be checked, and if need be corrected, on the spot. Suspect vehicles no longer have to be diverted to a fixed weigher, possibly several miles away. The portable weigher allows checks to be carried out at short notice and ensures thorough coverage of roads over a wide area.

Avery's 58S7 consists of two modules—a load-cell weighing system packaged for carriage on a small purpose-built trailer, and a compact digital display and recording unit, which is set up at the roadside or in the back of a van. Power for the load cells and dibitiser is provided by a portable generator.

The 20-tonne capacity weigher is usually installed in a lay-by, the load-cell system and 2 ft 6 in x 10 ft steel platform being dropped into prepared foundations and connected by cable to the digitiser, which can be up to 6 metres away.

One of the machine's characteristics is that it weighs vehicles to official accuracies while they are moving. The lorry is driven over the weigh platform at around two to three miles/h and the instrumentation filters the load-cell signals to ensure that the axle weight is accurately registered despite engine, transmission and suspension vibrations. The digital read-out—in 0.01 tonne intervals—gives a steady indication of true weight. Each weighment remains on display until cancelled by the passage of the second axle.

As the axles are weighed, the digitiser's integral printer automatically records each axle weight, the system being triggered by the passage of the vehicle.

Weighing-in-motion has two positive advanges over static weighing. It gives a more realistic representation of the effect when the vehicle is travelling, and it is much quicker. A 32-tonne three-axle vehicle can be weighed dynamically in a quarter of the time — less than 30 seconds compared with two minutes for static weighing.

W. and T. Avery, Smethwick, Warley, West Midlands, B66 2LP 021-558 1112.

● ELECTRONICS

## Racal-Dana puts its chips down

CONFIDENCE IN the drivers (large-scale integrated circuits) used to operate Racal-Dana's new 99-Hundred series of counters is such that the company is offering a lifetime replacement guarantee on these CDI devices, which it has developed in conjunction with Ferranti.

Made in bipolar technology, the driver chips are required to operate at speeds far higher than satisfactorily attainable with present-day microprocessors and, at the same time, they are reaching a level of complexity such that they are permitting the company to offer many more functions than the great majority of its contemporaries, and at prices which will cause a few raised eyebrows.

Extensive testing of the circuits, which now have over 6,000 components in a square no more than 0.2 inch on the side, has shown that they can be expected to give at least 10,000 hours mean time between failure. This mtbf would correspond to a life for the most important section of the instrument in which a circuit of this type is installed of around 20 years, hence the lifetime guarantee, which is unique in the instrumentation field. Some 10,000 of this type of CDI device have been used in a variety of instruments over the past few years and not one single failure has been recorded.

Work is now in hand on a number of CDI device variants which could take the component count up to 10,000. Racal-Dana head in the UK, John Ceresa, says the Ferranti CDI technology is the only one that can meet the company's requirements at the moment—at least until Fairchild is prepared to involve its isoplanar process to make the required chips.

Be that as it may, the new series should earn the company at least some £10m world-wide over the next four years, taking the export share of the company's business from 25 per cent at present to some 50 per cent in the years ahead.

In the new series there were 13 instruments; five universal counters between a general purpose 30 MHz unit and an 1100 MHz model for radio communications users; and eight frequency meters which allow precision measurements up to as high as 3 GHz in the HF/VHF and UHF bands. Capabilities cover measurement of frequency, period, time, ratio, time interval average and totalising and there are models for bench use and systems applications, as well as battery-driven portables.

A significant pointer to the future of these units is that the chip has operated at speeds well in excess of the 60 MHz normal —indeed up to 100 MHz—and no micro could have given the user company 18 decades of high speed synchronous counting, synchronous logic control and computation on all functions, as this has done.

Apart from these basic considerations, the series has been designed to cope with the competition from overseas on world markets.

Racal-Dana Instruments, Duke Street, Windsor, Berks SL4 1SB.

## Agreement on bubbles

SIEMENS AG of West Germany and Rockwell International Company of the U.S. have agreed to exchange products and new inventions in the magnetic bubble memory area.

As a first step in this cooperation, the German electrical company will produce under licence the Rockwell 256-K memory, and both partners will distribute each other's magnetic bubble memory devices world-wide.

A spokesman for Siemens said that the agreement, to run five years, is for "non-exclusive marketing rights" as well as the exchange of innovations. He said the company expected turnover of its electronic components division to total around DM 2bn in the business year ending September 30, 1979, including DM 500m internal turnover. In the preceding year the division had a turnover of DM 1.7bn.

Rockwell is running neck and neck with Texas Instruments in the race to dominate the world bubble memory market.

● MATERIALS

## Film gives no taint

ODOURLESS AND taint-free transparent, cling-film wrapping is being produced in commercial quantities and sold to convertors for sale to the retail market.

The film is suggested for the sealing or packaging of foodstuffs in supermarkets, large catering establishments and in the home.

Developed by Valentine, Mann and Brown in collaboration with Shell Chemicals, it is based on a blend of low density polyethylene and ethylene vinyl acetate copolymer, supplied by Shell.

These polymers are approved according to the terms of BGA (Bundesgesundheit Amt) for use in contact with foodstuffs and will meet the conditions specified in forthcoming EEC legislation. The formulation contains a very low level of additives and needs no plasticizers, and is ideal for use in contact with even the most delicately flavoured foodstuffs.

It is also possible to obtain up to about 40 per cent greater length of film for a given roll weight. This is because low density polyethylene has a substantially lower density than other polymers, such as pvc, used for this application.

The amount of tackiness in the film can be varied at the manufacturing stage. For most applications, such as those in the domestic environment, a relatively low degree of tackiness is preferably. This facilities handling and prevents wastage caused by the film sticking to itself. However, film can also be produced for those applications where a higher degree of tackiness is considered beneficial.

Valentine, Mann and Brown, 6a Worcester Trading Estate, Blackpole Road, Worcester WR3 8HR. 0905 51607.

● PACKAGING

## Weighs and labels

PRE-PACKED GOODS such as meat, fruit and vegetables can be weighed and labelled in food plants, depots and supermarkets at up to 30 packs per minute using the Avery Maxilabeller.

The machine, which operates unattended, consists of a conveyor-linked Avery 1750 digital weigher and an automatic labeller. As the packs pass the weigher it produces signals corresponding to weight, price per pound and a selling price computed to within ½p and transmits them to associated circuits in the labeller.

An internal microcomputer controls all the labeller functions such as ticket feed, printing and ejection. After ensuring that the signals from the weigher are steady, it operates the ticket feed and printer, finally ejecting the ticket to an applicator arm which sticks the ticket on to the pack.

Price per pound is set on the weigher's touchkeys and dates on the labellers' thumbwheel switches. The tray weight is tared off using a pushbutton on the weigher.

Tickets are available in plain or pre-printed sizes from 75 x 27 to 75 x 75 mm. The internal roll normally carries between 3,000 and 5,000 tickets and to guard against peel-off in freezers, the pressure set adhesive has been formulated to resist low temperatures.

More from W. and T. Avery, Smethwick, Warley, West Midlands B66 2LP. (021-558 1112.)



● CONSTRUCTION

## Use of cables cuts costs at Drax

MORE THAN 160 km of ZLEP heating cable from BICC, Leigh Works, Lancashire, is saving time and cutting costs at the CEGB's £685m second stage of Drax power station at Selby in Yorkshire, says the company.

This has been used to accelerate the curing of concrete piles which are essential in the construction of cooling towers and boiler and turbine house foundations.

The cables have a fixed wattage per metre (complying with the latest standards agreed by the International Electrotechnical recommendations) and are specially constructed to provide good heat and abrasion resistance with mechanical strength and improved moisture resistance.

Considerable savings in transportation costs, as well as time and money, have also been made, says the company, as the piles can now be produced on site.

● AGRICULTURE

## Cotton stalks pulled mechanically

AFTER THE cotton crop has been picked it is essential that the remaining stalks are picked, stacked and burned, in order to control a variety of pests and diseases.

In recent years, however, cotton farmers have faced a steady decline in the number of labourers prepared to undertake the arduous task of loosening the stalks by hand.

Thanks to the combined resources of the British National Institute of Agricultural Engineering (aided by the Ministry of Overseas Development) and Agri-Projects International, PO Box 191, Le Marchant House, Market Street, St. Peter Port, Guernsey, Channel Islands, there is now a machine for loosening cotton stalks in the field which facilitates their removal by hand.

It has been adopted by the Sudan Gezira Board on whose land the development work was carried out, and, says Agri-Projects, machines of this type will be produced in sufficient numbers over the next two years to be marketed in several other cotton-growing territories.

Currently a four-row version, the machine employs pairs of pneumatic tyred wheels to grip and lift the stalks along with their tap roots. It works fast at rates from 1.8 to over 3 hectares per hour, and can be operated by any tractor that can provide up to 12 h.p. at the power take-off.

Different row widths can be catered for at the time the machines are assembled at the factory and costs are said to compare favourably with hand labour.

## Seeds sown without cultivation

DIRECT drilling of uncultivated ground with superior results is claimed for a soil opening system developed at the Scottish Institute of Agricultural Engineering.

In tackling uncultivated ground the soil is generally opened by discs or tines, but the former need extra weight to achieve adequate penetration while the latter cannot easily penetrate surface trash.

The SIAE system uses a single disc to cut through the trash and form a vertical slit in the soil. Behind this is an A-blade coulter (essentially a vertical knife with wings) which lifts the surface soil to either side of the slit and forms transverse cavities beneath the ground. Seed is distributed pneumatically towards the extremities of these cavities through delivery pipes within each wing and the soil falls down to close the cavities once the trailing edges of the wings have passed.

A light roller, following behind the vertical blade firms the soil down and also controls the depth of penetration.

The result is two rows of seed, each placed at a depth of about 30 mm and about 100 mm to either side of the central slit.

The seed is placed away from the central slit and any smeared soil, aiding establishment, and is completely covered.

In addition the undisturbed covering retains moisture, aiding germination; fertiliser can be placed into the central slit, away from the seed, and the A-blade coulter is self-sharpening.

Enquiries to Lewis Wilson, Mechanical and Civil Engineering Group, National Research Development Corporation, 66 Victoria Street, London SW1E 6SL (01-828 3400).

● AUTOMATION

## Parts are placed with accuracy

PNEUMATIC TRANSFER arms to automate routine "pick-and-place" production operations, are available from Frazer-Nash (Engineering).

Both are capable of automating such labour-intensive operations as the selection of small to medium-sized components and positioning them accurately on jigs, fixtures, drilling tables, presses, conveyors, etc.

The larger unit, which can hold components up to 3.5 kg (7.7 lb) provides five basic movements—clamping; horizontal extension up to 250 mm (10 in); lifting up to 50 mm (2 in); swinging up to 120 degrees; and rotation of the jaws through a maximum of 180 degrees.

The smaller arm has a maximum working load of 0.5 kg (1.1 lb) and three movements—clamping; lifting up to 25 mm (1 in) and swinging through 180 degrees maximum.

Power is by integral pneumatic actuators working from a standard factory air supply at 5.52 Bar (80 lb/sq in). The speed of movement can be adjusted by fitting restrictors to the control valves. A choice of pneumatic or electronic control is available.

Both these units can easily be tailored to suit customer's specific requirements. The range of jaws available includes mechanical clamping, vacuum and magnetic; cross slides which provide movement perpendicular to the horizontal traverse can also be supplied.

Frazer-Nash (Engineering) The Wharf, South Street, Midhurst, Sussex, GU29 9PY, Midhurst (073 081) 4441.

● LUBRICATION

## Uses Teflon spheres

NOW BECOMING available in the UK after considerable initial success in the U.S. is a new lubricant called Tri-Flon which, in tests carried out at the National Centre of Tribology (UKAEA, Risley) has exhibited a general coefficient of friction of about 0.05 with loads up to 3900lb in the Falex load test.

The product is based on a suspension of sub-micron-sized Teflon spheres in a mineral oil, with other undisclosed additives. It is claimed that the particles act like tiny bearings, filling in the microscopically small surface irregularities in even the best machined surfaces. The particles roll, displacing one another, and it is claimed that the product becomes an integral part of the surface occupied: to remove the particles, states the company, would "virtually require removing the surface that carries them."

Main applications at the moment appear to be in the "general purpose oil" area, the product having operational temperature limitations of —54 to +246 deg. C.

It is understood, however, that the product is being further developed for higher temperature applications and that an interest has been taken in by the major UK car manufacturers.

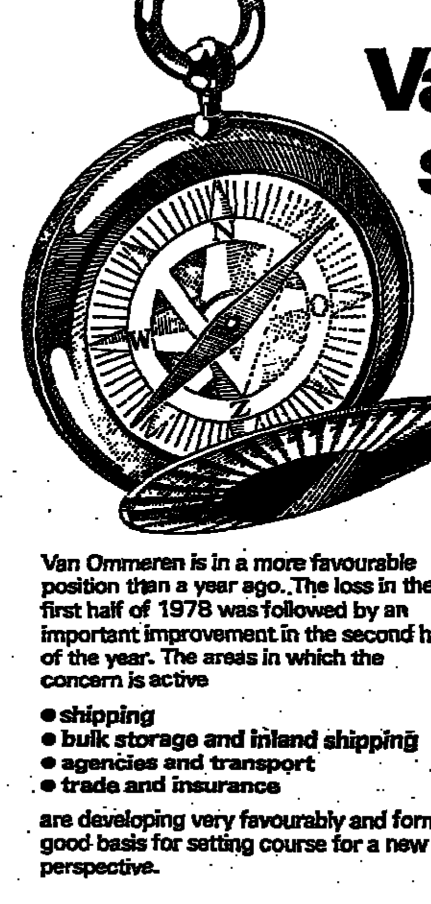
The subject is likely to assume an increasing importance as the need to conserve transport-consumed fuel comes to the fore over the next year or two.

Tri-Flon is also said to have worthwhile anti-corrosive and moisture-displacing properties, coupled with an ability to keep grit out of bearing surfaces in components such as drive chains on motor-cycles.

NASA has also reported on the lubricant in the U.S. (publication SP38), indicating improvements in adhesive or galling wear, and also in abrasive or cutting wear rates.

More from Tri-Flon (UK), 1a Maida Avenue, London W2 1TF (01-262 8866).







# Rolls-Royce white-collar staff seek second rise

By Nick Garnett, Labour Staff

WHITE COLLAR unions have submitted reopener pay claims on behalf of 7,500 staff at Rolls-Royce's Derby group of factories in an attempt to double settlements already negotiated for the current wage round.

The Association of Scientific, Technical and Managerial Staffs, the Association of Professional Executive, Clerical and Computer Staff and the TASS section of the Engineering Workers negotiated reopener clauses in their last 5 per cent settlements.

These clauses have been activated because deals since then have been running at more than double this. The unions havea lso based their new claims on the basis that some other groups within Rolls-Royce have secured rises higher than 5 per cent, either through Central Arbitration Committee awards or consolidation of payments under the engineering industry national agreement.

The ASTMS claim which covers 3,000 staff involves rises of 5 to 10 per cent. The union delayed a 5 per cent settlement until January although the anniversary date for this group is October. The other unions have submitted similar claims.

# Civil servants reject secret strike ballot

BY PHILIP BASSETT, LABOUR STAFF

PROFESSIONAL CIVIL servants yesterday overwhelmingly rejected an attempt to restrict their union to taking industrial action only when it had held a secret ballot of its membership.

The Government's plans to further the use of secret ballots in industrial disputes received this surprising rebuff from the traditionally moderate Institution of Professional Civil Servants at its annual conference at Eastbourne. Delegates, though, in line with TUC guidelines, insisted that industrial action should only be a last resort.

Mr. Bill McCall, general secretary, said that union members would now be instructed to take industrial action after full consultation. Previously, the union has only advised its members to take action, as it did when members joined a one-day strike in the recent civil service pay dispute.

Mr. McCall said that experience had shown there was no reward for virtue in industrial relations and that growing militancy in the trade union movement was inevitable.

He said, however, that if the unions were looking for confrontation—and this Government had the good will of the IPCS, as it started its term of office—then, as the TUC code on the conduct of industrial disputes implied, "we must try to work out an acceptable level of confrontation, so that the weak and the sick, the young and the old, do not suffer."

A call for a closed shop for grades represented by the IPCS was rejected, and the union also drew back from implementing preliminary merger proposals with the First Division Association, which represents 10,000 senior civil servants.

## Right turn

The Civil and Public Services' Association yesterday shifted to the right by electing Mrs. Kate Losinska, moderates' leader in the union, as president at its annual conference in Brighton. Mrs. Losinska, who regained her position as vice-president last year, after voting irregularities were found in the ballot for the national executive, lost the presidency in 1976, after writing an article on the political divisions of the union.

Full results were: Mrs. Losinska, 77,239 votes; Mr. Reg Williams, who has Broad Left support, 68,709; and Mr. Peter Coltman, leader of the Left and a Communist Party member, 56,130.

Delegates rejected a Left-wing atttempt, moved by Mr. Coltman, to pull out effectively of the civil service pay comparability system. The Left argues that larger pay increases could be won through free collective bargaining. The motion was very narrowly defeated on a show of hands by 444 to 440.

Mr. Ken Thomas, general secretary, made a spirited attack on the first of the many censure motions of the week, which puts a pressure on the union's executive to change its policy when taking industrial action of not hitting the old and the sick, by bringing in members in the Department of Health and Social Security and the Department of Employment.

Mr. Thomas said the choice facing the union was crucial. "Whether you want organised, carefully-controlled, effective action, or whether you want to hand this union over to self-appointed shop stewards, Socialist Workers' Party members, and members of the Communist Party." The motion was carried by 618 to 460.

# BL stewards reject grades

By Andrew Taylor

SENIOR shop stewards representing most of the car workers in Oxford, Abingdon and Swindon are against a BL proposal to create two grades of production worker.

# Joint talks agreed at Dunlop

By Nick Garnett, Labour Staff

**DUNLOP and its trade unions agreed yesterday to set up a joint working party to study the possibility of introducing new products at the company's Merseyside plants following the closure of the Speke tyre factory.**

The agreement is conditional on the unions withdrawing sanctions against the company which were mounted in protest at the Speke closure.

Union officials are expected to instruct their members within the next few days to stop picketing Dunlop factories.

The working party, consisting of five members from each side under the chairmanship of a company representative, will report within three months.

Union officials said yesterday that the agreement represented some progress although the company believed there was now a tacit union acceptance that the Speke tyre plant could not be reopened.

Dunlop has three other plants at Speke, a footwear factory at Walton, Liverpool and plants at Skelmersdale and Hindley Green near Wigan.

# Engineering managers win renewed ACAS inquiry

BY ALAN PIKE, LABOUR CORRESPONDENT

THE ADVISORY Conciliation the Arbitration Service was told in the Court of Appeal yesterday that it should go ahead with a union recognition investigation at GEC Reactor Equipment, Whetstone, Leicester, an engineering works, without awaiting the outcome of a legal action against the TUC.

The court decision is another victory for the Engineers' and Managers' Association in its efforts to gain recognition in the engineering and related industries in spite of resistance from other TUC unions and employers.

Last year the High Court decided that ACAS could defer action on an EMA claim for recognition at GEC Reactor Equipment while the association challenged a ruling of a TUC disputes committee that it should not organise at the factory.

But yesterday Lord Denning, Master of the Rolls, and two other judges allowed an EMA appeal against this decision. ACAS was refused leave to appeal to the House of Lords.

Mr. John Lyons, EMA general secretary, said after the judgment that he hoped ACAS would now get on with the case, because if it did it might be unnecessary for the EMA to proceed further with its action against the TUC.

"It is a pity that it seems necessary to keep taking ACAS to court in order to get them to carry out their duties," he said.

Lord Denning, giving judgment, said that a TUC disputes committee sitting under its Bridlington procedures had found in favour of TASS, the white-collar section of the Amalgamated Union of Engineering Workers, representing engineers at Whetstone, and told the EMA to cease recruiting there.

In short, the committee said that the EMA should be ousted from the factory, where it had some 100 members, and this came as a "body blow."

The EMA told Mr. Len Murray, general secretary of the TUC, that the decision was "perverse," and having failed to get satisfaction "threw down the gauntlet" and applied for recognition under the Employment Protection Act through ACAS.

ACAS halted its recognition investigation after the EMA launched a High Court action against the TUC in which it claimed that the disputes committee award was invalid.

ACAS wanted to know whether the TUC decision was valid, because its report on the recognition claim would be influenced by the outcome.

But, said Lord Denning, the EMA action against the TUC would not be heard until 1980 and with the possibility of an appeal it could be two or three years before a final decision was reached.

# Miners attack Labour

BY ROBIN REEVES

**A SHARP attack on Mr. Callaghan and the last Labour Government was made yesterday by Mr. Emlyn Williams, the South Wales miners' leader and a member of the Labour Party's national executive. Opening the South Wales miners' annual conference in Porthcawl, Mr. Williams said the outgoing administration had only themselves to blame for the election defeat.**

**He accused Labour of rejecting trade union feeling on pay policy. This had been both tactically wrong and unprincipled, he said. Labour had paid the price for taking more notice of the International Monetary Fund than its supporters and of "playing the capitalist game," he declared.**

# Union likely to refute 'no-strike' deal move

BY CHRISTIAN TYLER, LABOUR EDITOR

CONSERVATIVE plans for reaching "no strike" agreements with unions in vital public services are expected to receive a poor reception from the militant National Union of Public Employees.

NUPE's national executive will oppose a move at the union's conference next week for such a deal, and expects the delegates to throw it out.

## Debate

A motion from Bradford asks the executive to start talks with other unions in the National Health Service for a special pay deal for health service employees, in return for which they would give up all strike action.

Next week's conference, in Scarborough, will also see some fierce debate about the defeated Labour government's treatment of low-paid public service workers, and the union leadership's handling of the recent long strike.

There are calls for the union to disaffiliate from the Labour Party (its affiliation is 500,000 members), and for the resignation of Mr. Alan Fisher, general secretary, and Mr. Ron Keating, an assistant general secretary, on the conference agenda.

Although these are unlikely to succeed, the executive is supporting an amendment from a Camden branch in London which reflects the mood of the left-wing in the Labour Party as the election post-mortem gets under way.

The amendment says that to disaffiliate would be to "withdraw from the fight for democracy in the Labour Party." Instead, Labour governments and MPs should be made accountable to the party conference; there should be mandatory reselection of MPs, and a public attendance and voting record for Parliamentary Labour Party meetings.

It also says that the union's sponsorship of MPs should be withdrawn if its sponsored Members vote against NUPE policies in the House. The union has six sponsored Members, including Mr. Arthur Bottomley and Mr. Roland Moyle, former Minister of Health.

## Comparable

Branches are asking that the autumn's wage claims should be for basic pay of £80 to £90 for a 35-hour week; the executive is again advancing the claim for a basic rate of two-thirds of average national earnings.

In the agreement reached with the Labour Government, the health and local government manual workers secured 9 per cent this year. They also expect a "comparability" award from the Clegg Commission, half to be paid in August and half next April.

# BUSINESS AND INVESTMENT OPPORTUNITIES

*READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS*

## Equity investments of about £50,000 to £2,000,000 in privately-owned companies

**Midland Bank Industrial Equity Holdings Limited Group of companies** can provide or arrange minority and flexible equity investments in suitable cases.

*Investment funds are available for:-*

* Development capital
* C.T.T. payment or planning
* Venture capital, including start-ups
* Shareholders wishing to retire
* Shareholders wishing to establish family trusts or who require funds for other purposes

For full details and brochures please contact:
**Midland Montagu Industrial Finance Limited,**
Scottish Life House, 36 Poultry, London EC2R 8HD.
Telephone: 01-638 8861

**Midland Bank Group**

## SEEKING BANK GUARANTEES FOR PROJECT IN LIBYA

**BETONASFALT CONSTRUCTION COMPANY LTD.**

MUELLER STRASSE 1/I 8000 MUNICH 5 WEST GERMANY
TELEX 523601 BETAS D

## DOUBLE YOUR AFTER TAX INCOME

from privately held

**COMMERCIAL & INDUSTRIAL PROPERTY**

It is now possible for private investors to

**REDUCE THE TAX BURDEN**

from 98% to less than 40%

Special arrangements have been made with a substantial financial institution for clients with property holdings of £250,000-£2 million.

Any existing mortgages can be renegotiated retaining full tax relief against rental income. Latent capital gains liabilities can be financed by a new mortgage.

We are confident your professional adviser will approve our NO RISK and very flexible arrangements.

Please ask your Accountant or Solicitor to WRITE to us for details on your behalf.

(We regret that no telephone enquiries can be accepted.)

Managing Director (Ref. P)
Ackrill, Carr & Partners Limited
Tricorn House, Five Ways, Birmingham B16 8TP

## Finance for Growing Companies

If you are a shareholder in an established and growing company and you, or your company require between £50,000 and £5,000,000 for any purpose, ring David Wills, Charterhouse Development.

Investing in medium sized companies as minority shareholders has been our exclusive business for over 40 years. We are prepared to invest in or lend to unquoted companies currently making pre-tax profits of more than £100,000 per annum.

**CHARTERHOUSE**

Charterhouse Development Limited, 1 Paternoster Row, St. Pauls, London EC4M 7DH. Telephone 01-248 3999
A member of The Charterhouse Group

## ACQUISITIONS & MERGERS BY AGREEMENT
## CHESHAM
AMALGAMATIONS & INVESTMENTS LIMITED

Our business is merging your business. Successfully.

36 CHESHAM PLACE. LONDON SW1. 01-235 4551

## ACCOUNTANTS, SOLICITORS AND FINANCIAL ADVISERS

Choulartons Tax Sheltered Investment Department can provide your clients with a professional and responsible approach to container leasing. Our comprehensive report on the commercial and tax considerations of container leasing is available to all professional advisers on request.

For details ring John Lowe. 061-928 9011
or write to:

**C. P. CHOULARTON SONS & PARTNERS LTD.**
Ashley House,
30 Ashley Road, Altrincham,
Cheshire. WA14 2DW.

* 15 YEAR MORTGAGES
* 12% INTEREST FIXED
* Up to 75% of Valuation
* Commercial and Industrial Mortgages for owner occupation and investment
* Quick decision

Please phone or write to: S. A. Parnes

**DRUCE** EST 1822
Druce House
23 Manchester Square
London W1A 2DD
Tel 01-486 1252

## BONDED STORAGE

* 30,000 sq. ft. Bonding licence expected shortly
* Security excellent
* Constant temperature 48-50°F
* Full handling facilities available, also distribution
* Location—North Midlands

*Enquiries invited from interested parties*

Write in first instance to Box G.3824, Financial Times, 10 Cannon Street, London EC4P 4BY.

## BUSINESSES FOR SALE

### COLD HEADING ENGINEERING BUSINESS FOR SALE

* Situated in the West Midlands within easy reach of the Motorway network.
* Well equipped modern factory
* Annual turnover approximately £400,000 per annum.
* Management team will remain.
* Good order book.
* Substantial profits.
* Owners intend to develop other activities.
* For further information, Principals only, please apply:

*Box G3821, Financial Times, 10 Cannon Street, EC4P 4BY.*

### WOLVERHAMPTON

**OLD ESTABLISHED AND HIGHLY PROFITABLE MILL FURNISHINGS STOCKISTS AND BELTING FIRM FOR SALE**

As a result of compulsory acquisition the opportunity arises to acquire the entire shareholding.

Key personnel would possibly remain for introductory period. Sales in excess of £110,000 with net profit £20,000. Walker Barnett & Hill, 3 Waterloo Road, Wolverhampton. Telephone Wolverhampton 771511/772771.

## GEA

*Consulenti Associati di gestione aziendale*

A group of private Italian banks, operating on foreign capital markets, has entrusted us to recruit the

### Office Director
(Banking Venture)

In close cooperation with the group's Executive Committee, the chosen candidate's main task will consist in expanding the group's activities abroad, by promoting and supervising a wide spectrum of financial operations such as raising foreign exchange funds, developing a network of correspondent banks, co-managing Euro-currency loans and project financing.

The candidate should have matured a qualified experience in the Overseas Department of a major bank, and developped a specific competence in inter-bank relationships at an international level in exchange regulations and in foreign exchange markets.

In such a leading role, the ability to operate autonomously and to maintain contacts at a senior level, are very important. The ideal cadidate, aged in his middle thirties, will be perfectly fluent in Italian, English and possibly in another language; a post-graduate degree will be highly appreciated.

Salary is undoubtedly interesting also for the most qualified applicants. Based in Milan, the candidate should be willing to travel frequently abroad, at least for the first few years.

Candidates are requested to write enclosing a complete curriculum vitae quoting S/253. All applications will be treated in strictest confidence and will receive a reply within 45 days.

*GEA - Corso Porta Nuova, 3 - 20121 Milano (Italy)*

### PROFITABLY MANAGED COMMODITY ACCOUNTS
**DOCUMENTED SUCCESS IN COMMODITY TRADING PROGRAM**

Send for 1st quarter results and information on Dennis Turner computer managed commodity accounts

* Over 1,000 trading methods tested on each commodity.
* Equity runs available 8 a.m. by telex or time sharing computer terminal.
* Daily comments on Reuters.
* Direct Voice Line to Chicago and own men on exchange floors.
* Statements of Account. Purchase and Sale statements and Monthly Activity statements.

THEODOR ARNOLD
Eurorep for Rosenthal & Company, Clearing Members Principal Commodity Exchanges, Kappelergasse 15, CH-8022 Zurich, Schweiz.

## ARE YOU FINANCING YOUR CUSTOMERS?

*Then obtain details of our* **Factoring and Invoice Discounting Services**

ARBUTHNOT FACTORS LTD.
Breeds Place, Hastings TN34 3AB
Contact: S. E. Finch
Tel.: 0424 430824

## HOTEL DEVELOPMENT

Approx. 4 acres. Lakeside hotel and conference centre site in the most beautiful tourist area on the edge of Snowdonia National Park. Outright sale or development participation.
Reply to Box G.3746, Financial Times, 10 Cannon Street, EC4P 4BY, or call 0678 520 768.

## STOCKBROKING

Three members producing over £50,000 each between them, mainly private client but with useful institutional business would like to hear from a London small private client firm where with a view to eventually joining the partnership they will make a significant impact on profitability. Please write Box G.3812, Financial Times, 10 Cannon Street, EC4P 4BY.

### FOR SALE

Company based in the North West distributing rubber hose and tanker equipment. A good profit margin is enjoyed on a turnover of £650,000 p.a.
Reason for Sale—the managing director now wishes to concentrate on his business activities outside this field.
*For further details please write Box G3816, Financial Times 10 Cannon Street, EC4P 4BY*

### BOLTON HEAVY ENGINEERING COMPANY
**TAX LOSS £100,000**

Good profits, prime motorway site and modern buildings. Directors retiring.
*Write Box G3795, Financial Times, 10 Cannon Street EC4P 4BY*

### FOR SALE
**CONTROL AND SWITCHGEAR DESIGNER AND MANUFACTURER**

Well established, modern long-leased premises. Sales over £300,000. Large order book. Strong management. Skilled workforce. Purchaser should have minimum liquid funds of £100,000. Existing Directors to remain. Located Midlands.
DIVERCO Ltd., 4 Bank Street Worcester. Tel: 0905 22303

### Fully equipped and staffed FLAME CUTTING AND FABRICATING BUSINESS

situated in West Midlands adjacent to motorway network. Well established contacts and turnover potential in excess of £1,000,000. Leasehold Premises extending to approx. 22,000 sq. ft. plus excellent offices, etc. Outright sale or alternative propositions considered. Initial enquiries to Box G.3817, Financial Times, 10, Cannon Street, EC4P 4BY.

### PHONE-MATE

America's best selling Telephone Answerers for world wide use.

Models from £145-£450.

European Sales & Service Centre, 281a Finchley Rd, NW3
01-431 0266

### MANAGING DIRECTOR

A new Company in the service industry, based in mid-Bucks., needs an experienced Marketing/Business Manager to act as Managing Director on a profit sharing basis. The Company has traded for two years, is profitable and has potential, but growth is too slow.
*Please write Box G3813, Financial Times, 10 Cannon Street, EC4P 4BY*

### CREDIMO LTD.

Established Belgium financial firm, seeks contact with English based establishments who are interested in participations with Belgium existing firms.
*For information please Telex 25651 CREDIM or telephone*
Belgium 32-2-4528790
CREDIMO NV
Kacknoven 22-24
1700 ASSE Belgium

### OPPORTUNITY

To acquire investment in established computer bureau. Before purchasing your own computer
*Write, principals only, Box G3814 Financial Times 10 Cannon Street, EC4P 4BY*

SALES AGENTS in technical/industrial fields offer services to selected companies requiring competent representation. Please write with product details to: Box G.3828, Financial Times, 10, Cannon Street, EC4P 4BY.

## BUSINESSES WANTED

### CAPITAL TAX LOSSES

A private property and investment group wishes to acquire companies with realised capital losses of between £100,000 and £500,000.
*Write Box G3818, Financial Times, 10 Cannon Street, EC4P 4BY.*

### INTERNATIONAL CORPORATION SEEKS EQUITY IN BRITISH COMPANY

In order to broaden its base in UK a subsidiary of an international corporation wishes to purchase substantial equity in private viable wholly British company located in S.E. England and engaged in the manufacture and sale of electrical and/or electronic equipment with military or civil aircraft applications. Alternatively could be interested in similar holding in some British company with design and manufacturing capabilities in, for example, the fields of aircraft optical or other sensors or instruments or even related specialist manufacturing processes.

Responses please by Principals only to Society of British Aerospace Companies Ltd. (attention Mr. P. D. B. Locke), 29 King Street, St. James's, London SW1Y 6RD, who will act as intermediaries in confidence.

### ENGINEERING PRODUCTS

A substantial engineering company with spare capacity and substantial financial support is seeking a mechanical engineering product to add to its range. The company has a well established international marketing organisation and its manufacturing facilities are equipped to handle complex machining and assembly operations.

We are seeking only products which have a potential worldwide turnover of several million pounds. Products which currently have a relatively low volume but have evident potential will be of interest in addition to well established products.
*Reply to Box G3825, Financial Times, 10 Cannon St., EC4P 4BY*

### COLA FRANCHISE USA

No. 1 Cola Regional Franchise in U.S.A. Earns 10% after taxes.
Purchase price $99,000,000
*Reply to Box G.3807, Financial Times, 10 Cannon Street, EC4P 4BY.*

### IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM.
Buy, save up to 30%
Lease 3 years from under £5 weekly
Rent from £25 per month
Tel: 01-641 2365

### LARGE LIMITED COMPANY

invites enquiries and quotes on exceptional value for money lines in the domestic field, all the better should they be unique lines. Large quantities preferred but not essential.
*Please reply to Box G3783, Financial Times, 10 Cannon Street, EC4P 4BY*

### HOTELS AND LICENSED PREMISES

**FOR SALE**

***FRANCE***

**SUD-PERIGORD**
*(Lot et Garonne)*

**HOTEL—RESTAURANT**
EVERY COMFORT

Recently constructed—style of the region. Perfect condition. New equipment. Large garden. Three dining-rooms (130 to 200 people), 21 rooms with private bathrooms.

International, touristic and regional clients. Seminars and conferences to be developed.

*Write Box F.1106, Financial Times, 10, Cannon Street, EC4P 4BY.*

### INVESTMENT COMPANY

with new proven financial product is interested in expanding distribution network, UK, Europe, South America. Ability to negotiate at Board level. Apply in writing to the Chairman.
Write Box G3826, Financial Times 10 Cannon Street, EC4P 4BY

### LIMITED COMPANIES

FORMED BY EXPERTS FOR £78 INCLUSIVE
READY MADE £83
COMPANY SEARCHES
EXPRESS CO. REGISTRATIONS LTD., 30 City Road, EC1
01-628 5434/5, 7361, 9336

### START A SMALL BUSINESS AND MAKE 20% TAX FREE EVERY YEAR

. . . all in your spare time—not possible? Send for free copy the Leasing Report to find out how.
THE LEASING REPORT
42k New Broad Street, London, EC2

### PRECISION ENGINEERING COMPANY

wanted by British Group seeking to improve engineering support to its manufacturing subsidiaries.
Interested parties should reply in confidence to:
*Box G3820, Financial Times 10 Cannon Street, EC4P 4BY*

### FOUNDATION GARMENTS

WANTED—A company manufacturing, but preferably importing and distributing brassieres and foundation garments, with well-known branded products or distributing to multiples. A strong sales organisation required
*Box G3822, Financial Times 10 Cannon Street, EC4P 4BY*

### If you Own or are Purchasing any type of modern OCEAN-GOING VESSEL

then ship management subsidiary of currently Britain's most successful ship-owning group will manage your vessels with the same care and consideration as their own under either British or foreign flag.
*Write Box G3050, Financial Times 10 Cannon Street, EC4P 4BY*

### IMPORTERS EXPORTERS

Find new business leads in Import/Export Opportunities Digest, the new monthly listing of overseas companies who are currently and actively seeking trade contacts with their British counterparts.
For details write to:
Import/Export Opportunities, Dept. FT, 15, Selvage Lane, London NW7 3SS.

### Contents of ALDWYCH OFFICE and Other Sources

Fire-resistant filing cabinet £225. 6ft teak lined desk £125. Recon. L-shaped teak desk £125. Recon. high back swivel chair in new tweed £70. Steel cupboard £40. 2-seater settee in blue £90. Dozens more interesting items. Ring for list.
"COMMERCIAL," 01-837 9663
329 Grays Inn Road, London, WC1

### WANT TO SELL IN FRANCE?

We can provide extensive services:
—Desk and Market Research.
—Advice and Contacts on distribution and all problems concerning product launch.
—Advertising and promotional campaigns.
Our staff speaks fluent English
HICKORY, 12, avenue George V
75008 Paris
Tel: 723.34.33—225.75.47

### MEDIUM TERM FINANCE AVAILABLE

for private individuals and Companies for sound propositions, on a secured basis. £5,000 upwards.
*Telephone for further information to*
CITY FINANCE GROUP,
9 The Avenue
Lincoln (0522) 37333/4

### MORTGAGES AVAILABLE

Residential up to £250,000 maximum
Commercial up to £2,000,000 maximum
Bridging and Corporate Finance arranged.
*Write Box G3315, Financial Times 10 Cannon Street, EC4P 4BY*

### CAPITAL
**BUSINESSMAN (LONDON AREA)**
**£100,000**

Would be interested in investing in genuine business situations. Reply in confidence to
*Box G3827, Financial Times 10 Cannon Street, EC4P 4BY*

### ENGLISH BUSINESSMAN

at present working overseas with extensive knowledge of middle-east markets seeks business interest either to purchase outright or with a view to Partnership. The business should preferably be one in which his knowledge of overseas marketing can be of value.

The sum available for investment is £10,000/£12,000. Please reply in confidence to Messrs. Keene, Marsland & Company, 13 West Street, Horsham, West Sussex, RH12 7PB, reference JEB.

### BLOCK DISCOUNTING
**FACILITIES REQUIRED FOR**

1) Credit Sale
2) Hire purchase
3) Leasing agreements

*Please reply in strictest confidence to Box G3719, Financial Times 10 Cannon Street, EC4P 4BY*

£1 A WEEK FOR EC2 address or phone messages. Combined rates plus telex under £3 a week. Prestige offices near Stock Exchange. Message Minders International, 01-628 0898. Telex 8811725.

E.C.4. FORWARDING ADDRESS, £25 p.a. Mail forwarded daily. Same-Day Company Services Ltd. 01-236 2970.

CEMENT, Rebars, Scotch and Cigarettes available. Phone 01-876 5342.

### Substantial firm of AGRICULTURAL AND INDUSTRIAL ENGINEERS

with ample capital available, is interested in acquiring similar business East of a line from Inverness to Glasgow to Dumfries. Would purchase outright or might be interested in a majority holding if required. Offers invited from interested parties to Box G.3819, Financial Times, 10, Cannon Street, EC4P 4BY.

### NATIONAL STORAGE DISTRIBUTION COMPANY

(privately owned) seeks to expand by the acquisition of other companies in the same industry.
*Full details, please, in confidence, to Box G3803, Financial Times 10 Cannon Street, EC4P 4BY.*

AN EXPERIENCED qualified timber grader familiar with the Malaysian market wishes to offer services to any timber company as agent or any relevant arrangement in West Malaysia. For further information contact S. J. Lee, 159, Hartshill Road, Stoke-on-Trent, ST4 7LU, Tel: 410557 (after 9 p.m.).

ITALY. Executive regularly visiting can undertake commissions. Box G.3815, Financial Times, 10, Cannon Street, EC4P 4BY.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Here comes America's $2m man

PREPARE TO eat your hearts out. You remember the recent battle in the U.S. for the first executive to earn more than $1m in a year? Well now according to a survey of some top paid U.S. executives in the American magazine *Business Week*, David Mahoney, chairman of *Norton* Simon, the giant consumer product group, received a total remuneration of $2.037m last year—just under £1m.

The survey lists 13 executives in the U.S. now earning over $1m a year, two of whom are from Ford and two from Boeing. The motor industry leads the field with six of the 25 highest paid executives listed, working either for Ford or General Motors, says the magazine.

The largest component of David Mahoney's $2m was a payment of $1.12m from stock appreciation rights—these are payments for an increase in the price of a company's stock and are in lieu of exercising a stock option. Norton Simon's profits were $116m on sales of $2.4bn.

The new president of International Harvester, Archie R. McCardell, came second with earnings of $1.907m in spite of his fervour in slashing IH's payroll, notes *Business Week*.

Other companies with executives in the top 25 listed include United Technologies, Mobil, IBM, Xerox, Kraft, Du Pont and Procter and Gamble.

One notable exception from the list is Lee Iacocca, the former president of Ford, who now holds that position in Chrysler. Chrysler's proxy statement to the Securities and Exchange Commission says it only paid him $60,622 salary and bonus in 1978. Ford's proxy says he is to receive $400,000, "for settlement of matters relating to his termination," and $22,500 a month until October, 1979.

On top of that Iacocca was paid a recruitment bonus by Chrysler of $1.5m, payable in 1979 and 1980. The magazine reflects that if all this was counted as 1978 income he too would have earned $2m.

Yes, but does he get a company car?

**Arnold Kransdorff** on the company which is hoping to capture a sizeable share of the Do-it-Yourself market

# One man's daunting DIY expansion target

*IN TEN* years David Quayle has turned a fledgling Do-it-Yourself business into an operation with a £14m-a-year turnover and next week he plans to sell 25 per cent of his company—B and Q (Retail)—to the public.

At one time an executive of Marley, the building products group, Mr. Quayle, who is 42, now runs 26 stores known as DIY Supercentres in England, Wales and the Channel Islands—all out-of-town supermarket-style operations selling mainly branded products for the home improvement market.

Mr. Quayle attributes this expansion partly to choosing sites with adjacent and free parking facilities, and to offering customers a comprehensive range of merchandise at discounted prices. His average store size is 16,000 sq ft, significantly larger than other D-I-Y retailers, most of which carry only specialised or limited stocks.

## Incentives

Another crucial element, according to Mr. Quayle, is to "involve" the workforce and provide them with an incentive to expand the business.

One way of doing this is to be reasonably open-handed—"you get a damned sight further by sharing things," he states with conviction. This generosity has left him with a 29 per cent stake (albeit the largest single share) in B and Q, with his nine senior executives holding between them 53 per cent.

Another 3.6 per cent is held by a newly-formed Staff Trust, which Mr. Quayle describes as an experiment to provide employees (at present non-unionised) with an "instrument" through which they can share more equitably in the prosperity of the company.

The balance, of just over 14 per cent, is owned by the group's principal financial backer, F. C. Thorne and Co. (1960). Thorne is a subsidiary of Guernsey Gaslight, a private company that provides the island of Guernsey with its town gas supply and which also has interests in DIY and plumbing services.

Additional incentives for employees include a profit-sharing scheme which has in the past topped up pay packets by up to 16 per cent, an annual bonus of three weeks' wages, four weeks holiday per year, double pay for overtime and a 20 per cent staff discount scheme.

But the key to B and Q's growth so far is, in Mr. Quayle's opinion, the share ownership scheme for senior executives—which has similarities to a franchise operation.

During the company's formative years, managing directors were brought in at regional level to expand the business. They were all offered between 20 and 40 per cent of the equity of their own companies for which they paid between £2,000 and £10,000, with the balance being taken up by B and Q itself. Other senior executives, such as the company secretary, were also offered equity stakes.

According to Mr. Quayle, this provided the necessary incentive for growth and B and Q now stands among such companies as Home Charm, LCP Holdings (now part of W. H. Smith), Kyles, Status Discount, Caledonian Holdings (a subsidiary of Comet Radiovision Services), Marley, and A. G. Stanley.

Like many idealists, Mr. Quayle is an optimist. He passionately believes that his formula will enable him eventually to grab a tenth of the total DIY market estimated at more than £1.5bn.

To do so, he plans to expand at the rate of 250,000 sq ft a year, slightly more than the 214,000 sq ft achieved in the last financial year to January, 1979, when 10 further stores were opened. This is clearly a daunting objective, not only in view of the strain it will put on managerial and financial resources but also because of the shortage of suitable premises with adjacent car parking facilities.

David Quayle—planning to sell 25 per cent of his company to the public.

He admits that ideal sites are difficult to find, but says that to achieve the target each of the six regional managing directors will have to open "only" two out-of-town Supercentres of 20,000 sq ft a year or, say, three slightly smaller stores.

New stores are expected to achieve sales of at least £45 per sq ft per year. This, too looks extremely ambitious as existing outlets only produce sales of just over £35 per sq ft while Home Charm, for example, with an average store size of 8,500 sq ft and located mainly in the inner city areas, achieves around £42 per sq ft.

Mr. Quayle dismisses the prospect that such explosive growth will put an unbearable strain on the groups financial resources. He calculates that a 20,000 square feet Supercentre will cost up to £170,000 in buildings (generally leased), stock investment, capital equipment and pre-opening expenses, including advertising costs.

On the scale projected, B and Q will therefore need to spend roughly £2m a year, although not all of this would be needed at any one time. Part of the expansion could be financed out of cash flow but it is difficult to see how the company *will be able to maintain the* momentum for very long on existing borrowing facilities of only £2.25m. But Mr. Quaye exudes confidence, pointing to his track record.

B and Q was started as a partnership in 1968 between *Mr. Quayle and Mr. Richard* Block, his brother-in-law, who, with Mr. Quayle's wife, guaranteed a £12,000 overdraft from Lloyds Bank with some family-held shares.

## Staff trust

Mr. Block subsequently left the company to live in the Channel Islands (where he became a director of Thorne) and it was then that Mr. Quayle decided to buy some of his partner's shares on behalf of the employees. These have subsequently been incorporated in the newly constituted staff trust.

For the first six years the company operated entirely on bank overdraft facilities and by *1973/74* it was running four Supercentres with a floor area of 44,800 sq ft and making *annual profits of £25,000.*

Then, with expansion in mind, B and Q obtained a *£100,000 secured loan from* Sopress, the investment company of Southern Newspapers. Sopress, which aims to make many of its investments in the South of England, subsequently topped this up the following year by a further £150,000.

This finance, along with cash generated from trading operations, enabled the company to open another 11 stores (converted from cinemas and car showrooms) over the next four years, bringing total selling space to 183,000 sq ft. By the *end of 1977/78* profits *had* grown to £394,000 on sales of £6.16m.

In August last year, as part of a refinancing and investment programme, the £250,000 Sopress loan was replaced by a similar deal with Thorne (1960), which agreed subsequently to provide an additional facility of £500,000. There was also a £1.1m overdraft facility from Lloyds Bank with an extra £400,000 available for bridging finance on property deals. But little of this has ever been used.

The group is structured into four geographical regions in England and Wales and operates through two associated companies in the Channel Islands—Thorne Supplies (21 per cent owned) and John Le Sueur (H and G), which is 80 per cent owned by Thorne.

Its branded merchandise comes from more than 200 suppliers. While the sales mix has remained broadly constant over the past three years, furniture sales have become more important because of larger store sizes.

Hardware, tools, motor accessories and lighting are the biggest sellers, accounting for 18 per cent of total sales with paint and DIY sundries accounting for nearly 17 per cent. Gardening and leisure goods account for about 15 per cent and floor coverings about 12 per cent.

Most sales are on a cash basis and, as a result, the group has relatively large liquid resources at any one time. An arrangement with about six City institutions enables the company secretary to deal in the short-term money market—this usually involves sums of up to *£200,000* but on some occasions B and Q has put out up to £500,000 on deposit for two-three-week periods.

Selling prices are established centrally but individual store managers are given the discretion to make adjustments according to local conditions. Purchase orders are generally made at store level and all deliveries from suppliers are made direct to the individual stores. This eliminates the cost of warehousing and inter-shop transportation.

Unlike wages and salaries, weekly stock control procedures are still carried out manually, but there are plans to computerise within the next two years.

As a general policy the group prefers to pay on invoice terms that give maximum discounts, but from now on volume-related rebates will become more important as the business expands.

When the offer-for-sale is made next week, it will be against a background of recently announced group results for 1978-79 showing profits of *almost £1m from* sales of more than £14m. The offer will probably be launched on a prices/earnings ratio of just over 10.

Mr. Quayle is quite clear about why he wants to go public. He wants to see the fruits of his labour—in hard cash. He also says it will be easier to raise money; and "a public covenant holds more weight in getting premises."

B and Q's employees still have to work out the implications of Mr. Quayle's Staff Trust. Initially, the Trust, to which all employees automatically belong, will own 3.63 per cent of the company's equity but Mr. Quayle hopes that by, for example, re-investing dividends, the trustees will boost this stake considerably.

## Another deed

For the moment the board has drawn up a trust deed which provides for the company secretary and an outside solicitor to hold the shares in trust for the employees. But another deed must be drawn up within a year—this time by the employees themselves through their elected representatives, to provide for nine trustees, six elected by the employees and three to be nominated by the board.

Despite the share trust and other conditions of employment, staff turnover ironically remains in line with the national average. The company says this is probably due to the fact that most of the employees are relatively young and reluctant to stay in one place for very long. About half of the employees are under the age of 25, with half of these under 18. Around 52 per cent of the staff work part-time; the stores are open up to 11 hours a day for six days a week.

All this notwithstanding, B and Q is riding high on a general DIY bandwagon that shows no sign of slowing down. Further expansion should not be too difficult to achieve but it remains to be seen whether the company can live up to the vision of chairman Quayle.



## Business courses

**Financial Management for the Non-Financial Executive**, London. July 9-20. Fee: £540. Details from Financial Times, Conference Organisation, Bracken House, 10, Cannon Street, London EC4P 4BY.

**Advanced Management Programme**, Fontainebleau, France. July 1-27. Fee: FFrs 20,000. Details from Administrative Director, Continuing Education, INSEAD, 77305 Fontainebleau Cedex, France.

**Management of Research**, Brunel University, Uxbridge. July 2-13. Fee: £550. Details from Management Programme, Brunel University, Uxbridge, Middlesex, UB8 3PH.

**1979 Micro-Computer Show Incorporating the DIY Computer Fair**, London. July 5-7. Details from Online Conferences, Cleveland Road, Uxbridge, UB8 2DD.

**Trade Union View of Industrial Relations**, Henley. July 8-13. Details from The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire, RG9 3AU.

**The Managerial Implications of the Microprocessor**, Bradford. July 9-11. Fee: £110. Details from University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire DB9 4JU.

**Understanding Japan**, London, June 11. **Japanese Production Management**, London, June 12. **Study Mission to Japan**, September 29-October 9. Fee: £75 (plus VAT) single day, £130 (plus VAT) both days, £1,580 (approximately) Study Mission. Details from British Institute of Management, Conference Department, Management House, Parker Street, London WC2B 5PT.

**Successful Negotiating—Strategies and Performance**, London, July 10-11, Brussels, July 12-13. Details from AMR International, 6-10, Frederick Close, Stanhope Place, London W2 2HD.

LOMBARD

# A challenge for Sir Geoffrey

BY PETER RIDDELL

MOST PARTIES in opposition support greater openness in Whitehall and closer Parliamentary scrutiny over public spending. The record of the same parties in government has invariably fallen far short of these aspirations. But the Conservatives have come to power after making more detailed promises in this direction than any previous new administration.

Admittedly, the Tory manifesto merely referred "sympathetically" to suggestions by all-party committees about improving the way the Commons legislates and scrutinises public spending and the work of Government departments. However, Sir Geoffrey Howe, the new Chancellor, has been a good deal more specific.

## Exposure

For instance, in a lecture on the machinery of taxation he commented that "the Budget is shrouded in secrecy until the Chancellor unveils his master plan. He presents it as a fait accompli, receptive to neither the benefit nor the opportunity of prior examination or constructive comment."

Sir Geoffrey has suggested that the first motto of any Chancellor should be "consult now and draft later." This aim should be achieved through the publication of exposure drafts and of Green or White Papers ahead of changes. He has floated the idea of detaching the main budgetary provisions of the Finance Bill from matters relating to machinery and technicalities which could be incorporated in a Taxes Management Bill.

On his view the important concept is that of a permanent parliamentary body with responsibility in the taxation field, perhaps a sub-committee of the Expenditure Committee. The Tories believe that a Commons committee should be involved in considering revenue and expenditure issues at the same time, rather than separately.

Sir Geoffrey has also suggested that a Commons select committee should receive regular reports from a reorganised National Economic Development Council "where the major participants in the economy could consider together the implications of the Government's fiscal and monetary policies." Such a committee should also have regular and public contact with the Bank of England as part of a system in which Parliament considers and approves the rules of monetary policy.

Sir Geoffrey no doubt has plenty on his mind at present but if these promises are to be translated into effective action a start will have to be made in the current session. The key point is the creation of some form of Commons economic affairs committee which could publish and scrutinise the relevant information. This could work in parallel with the Public Accounts Committee.

Ironically, one result of the election and change of Government has been to remove from opposition and from the backbenches some of the most eloquent and effective economic specialists. Mr. Nicholas Ridley and Mr. Nigel Lawson have become ministers while Mr. Bryan Gould, Mr. Brian Sedgemore and Mr. John Pardoe have lost their seats.

Apart from Parliamentary reforms, the response of the Treasury itself is crucial to the success of moves towards greater openness. The need for more consultation before major tax changes is covered by Sir Geoffrey's own proposals, but there should also be more disclosure on other fiscal matters. The key to changes here (as I discussed in this column on May 3) is the publication of information before, not after, ministers have made up their minds.

## The options

Later this summer, for instance, the Government could publish the papers on the options for possible spending cuts. This could be examined by a Commons committee before the Cabinet makes up its mind; the Treasury might find, to its collective surprise, that its hand was strengthened as a result.

Sir Geoffrey need not, however, wait so long. Even though his Budget is unlikely to contain any major tax reform he could undoubtedly assist the public debate by publishing some of the Treasury briefs, the so-called books, which he has been reading in the past 10 days. After all, the economic survey appeared well before the Budget in the late 1940s. This might not only help to prepare the markets for the worst (or best?) but it might also earn some early Fleet Street plaudits.

# Learning how to face up to the camera

## FILM AND VIDEO

BY JOHN CHITTOCK

THERE IS a basic and somewhat justifiable presumption that businessmen are reluctant to appear on television while politicians are forever hammering at the studio doors trying to get in In the case of businessmen, there is an unpleasant tendency to regard their appearances as desirable only for defensive or negative reasons. But politicians, perhaps because of their experience in facing attack, look to television as a promotional medium out of which personal advantage can emerge. Hence the apocryphal story of the new Member of Parliament who—after various attempts to solicit an invitation for his first TV appearance — eventually received a letter from a current affairs programme, suggesting an appearance fee of £25; his reply was unequivocally "yes—I enclose my cheque herewith."

The problems associated with personal appearances on television are suddenly topical again, no doubt provoked by the spate of television electioneering. The Parliamentary Yearbook is planning a feature on the subject, no doubt with all those new and starry-eyed MPs in mind. A welcome and informative book on the subject, aimed specifically at businessmen has also just been published— *You're On Next!* by Michael Bland (Kogan Page, £5.95).

Few experts disagree about some of the basic rules that should be observed when facing the television cameras. Top of the list, perhaps, is the cardinal advice without which journalists could never survive in their jobs, in spite of which businessmen sometimes do—be well briefed and well prepared. From that starting point, many basic tips follow, such as not to look directly at the cameras during an interview, to avoid fidgeting, even to take care over the kind of clothes worn (eg finely-patterned suits can "interfere" with the horizontal line structure of the TV picture and cause quite disturbing *moiré* patterns known in the trade as the "strob" or stroboscope effect.

Mr. Bland's book admirably covers all this ground, with a great deal of marginal information thrown in—such as how to get in touch with the appropriate people in broadcasting stations. It is a carefully organised and very readable manual that should be in every company boardrom and PR office. Mr. Bland even gives some of his space to an opposing view, from Anglia Television's business programe editor, John Swinfield. Here is buried one of the real gems of advice in the book, a fundamental principle from which all else should follow: "If you are as honest as possible—both before and during your appearance on television—then you really should have little to fear from most programme makers and interviewers."

Fear seems to dominate the minds of businessmen making television appearances, perhaps because their call to the cameras comes too often only at times when there is something nasty to hide. Of course, it is not helped by interviewers who ask the "when-did-you-stop-beating-your-wife" type of question. Training in how to cope with rough-handling may help, and there are now dozens of schemes available in the UK—ranging from individual coaching given by well-known TV interviewers to long-established courses such as those run at the Church-owned Centre for Television and Radio Communication which grew out of a training scheme for the clergy.

Surprisingly, there is not much awareness about the psychological influences which are at work during television appearances, and even Mr. Bland's book makes no mention of research done in this field. One of the most interesting projects carried out was by two British academics—Dr. Jon Baggaley and Dr. Steven Duck. In one series of experiments they came up with the surprising revelation that the credibility of a person appearing on television may be affected by the camera framing and the background.

Thus in comparative tests with audience groups, Baggaley and Duck found that in news-type items on television, a speaker seen against a picture background was regarded as more honest, profound, reliable and fair than one seen against a plain background. Speakers facing the camera rather than an off-screen interviewer were considered by viewers less reliable and less expert. If notes were visible in front of a speaker, he was regarded as significantly less credible than the person apparently without notes.

There must be other influential factors too, such as the type of lighting, although I know of no research into this aspect. It is quite probable that lighting which emphasises the bone structure of a person's face, will make viewers feel uncomfortable about a speaker—whereas soft and shadowless lighting will yield a sense of friendliness and relaxation.

When faced with broadcast television appearances, there is little a businessman can do about these conditions; the camera framing, lighting and backgrounds are in the control of the producer and technicians. Nonetheless, there are now plenty of company-produced television programmes, such as for presentations to employees, where factors such as these can be taken into account.

In the company-made programme, other steps are also possible to ensure better performances. For example, the choice of interviewer may have a considerable influence on the performance given by the chairman. A bad interviewer may fail to create a relaxed atmosphere in which dialogue flows freely. Even on broadcast television one sees too many interviewers who talk too much instead of listening; yet after a concise question, silence without prompting is the best way to induce a fluent response.

Perhaps the most neglected element of the business television interview is its positive virtue. The right things well said on a television programme seen by a few million people are clearly of great value to a company. Although a Press officer may go to considerable lengths to achieve a few column inches in the national Press (more credible and cheaper than advertising) few seem to know or care about getting their company views onto television.

There is also an element of self-enlightenment that can emerge from appearances on television. Writing in the current issue of *New Scientist*, Professor Liam Hudson describes how his own experience in participating in a BBC2 *Horizon* programme led him to see his work in a new perspective.

The same process occurs when a film is sponsored, and this may lead to deeper and even Jungian-type revelations about the company conscience. In the research, the planning, the preparation, facts and attitudes have to be isolated and refined, questioned and valued. In the process, either much soul-baring or rationalisation will emerge.

Although television is the dominant medium and the riskier one for the businessman because it is instant and uncontrollable, film can be more insidious. As a medium more easily manipulated than television, it can place the unwary businessman in greater danger—either by taking his interview on film out of context when the programme is edited; or worse, by relating it to other pieces of film that may endow a relevance or meaning to his words which is quite untrue or unfair. The moral is to agree to filmed interviewers only if a later check on the material is possible.

For all these dangers, the unanimous advice of all the media experts is—better appear than not appear; a rough interview may at least elicit some sympathy from viewers—but refusal to appear at all leaves fertile ground for the imagination.

# Rimosa's Pet to win Musidora

## RACING

BY DOMINIC WIGAN

YORK usually attracts a good sprinkling of high-class performers. Today is no exception with that traditional Oaks Trial, the Musidora Stakes, dominating the card. Ten have been declared for this Group 3 event which carries £18,000 added prize money. I feel reasonably confident that the race will give some useful pointers to Epsom.

Rimosa's Pet, Topsy and Odeon, are the three best supported Oaks candidates in today's line-up. It may well be that an impressive victory by one of these Newmarket fillies, on ground which has dried out to provide good going, will give us a new favourite for June 9.

My idea of the likely outcome is a win for Rimosa's Pet, a Petingo filly from Michael Stoute's stable, which won last year's Oaks with Fair Salinia. Although her juvenile form in no way pointed to the possibility of classic success, unusual improvement by Rimosa's Pet may now have taken her near the top.

On the strength of some encouraging homework in early Spring, Rimosa's Pet, whose only two-year-old victory came in a Yarmouth maiden event, was well supported for Epsom's Princess Elizabeth Stakes on her re-appearance. The confidence was well-founded. Despite receiving several hefty bumps from Tudor Maid on the Oaks course, Rimosa's Pet won by half a length.

But for the interference, I have little doubt that the margin would have been far greater. I cannot see Tudor Maid, re-opposing on 3 lb better terms turning the tables.

A greater threat to Rimosa's Pet is almost certainly Odeon. This Royal and Regal filly, who finished ahead of Rimosa's Pet when the pair chased home Formulate in Ascot's Hoover fillies' mile last Autumn, did not appear as well forward as Rimosa's Pet when only fourth in the Princess Elizabeth. However, unlike Tudor Maid, she has no weight advantage today and may have to be content with second place.

William Hastings-Bass produced a nippy juvenile in Runnett at the Newmarket Guineas meeting. The colt should have few problems in the Tattersalls Yorkshire Stakes despite the presence of Stormont.

YORK

2.00—Mother Earth
2.30—Runnett***
3.05—Totowah*
3.35—Rimosa's Pet**
4.05—Cottam Rocket
5.05—Sweetly

# TV/Radio

## BBC 1

† Indicates programmes in black and white

9.10 am Schools. 10.55-11.55 The State Opening of Parliament by The Queen. 12.45 News. 1.00 pm Pebble Mill. 1.45 The Flumps. 2.00 You and Me. 2.14 Schools. 3.20 Ar Y Brig. 3.55 Play School. 4.20 Animal Magic. 4.40 Tarzan Lord of the Jungle. 5.00 John Craven's Newsround. 5.05 Ask Aspel. 5.35 Paddington. 5.40 News. 5.55 Nationwide (London and South-east only). 6.20 Nationwide. 6.45 One More Time! 7.15 Film: "Ring of Bright Water" with Bill Travers, Virginia McKenna. 9.00 News. 9.25 I Didn't Know You Cared. 9.55 The Clone Affair. 10.45 Tonight. 11.25 Multi-Racial Britain. 11.50 Weather/Regional News.

All regions as BBC1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 6.45-7.15 The Osmonds. 10.45 Tuesday Night. 11.20 Multi-Racial Britain. 11.45 News and Weather for Scotland.

Wales—4.40-5.00 pm Tryson Brynlau Caspar. 5.55-6.20 Wales Today. 6.45-7.15 Heddiw. 11.50 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 Score for Sport. 11.50 News and Weather for Northern Ireland.

England—5.55 Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands ...

## BBC 2

6.40-7.55 am Open University. 10.10 It's a Great Life. 10.35 Play School. 11.00-12.00 Schools. 4.50-6.55 pm Open University. 6.55 Realidades de España. 7.30 News. 7.30 Tennis to Win. 8.00 It's a Small World. 8.10 Brass Tacks. 9.00 Call My Bluff. 9.30 Bothwell. 10.45 Top Gear. 11.15 News. 11.30 The Old Grey Whistle Test.

## LONDON

9.30 am Schools. 11.55 Cartoon Time. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Cedar Tree. 1.00 News. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Film: Lloyd Bridges in "Stowaway to the Moon." 4.20 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm. 5.45 News. 6.00 Thames at Six. 6.25 Help! 6.35 Crossroads. 7.00 Survival. 7.30 Salvage 1 (film), with Andy Griffith. 9.00 ITV Playhouse. 10.00 News. 10.30 David Frost's Global Village. 12.00 Barnaby Jones. 12.55 am Close: Oliver Maguire reads from "Paradise Lost."

## ANGLIA

## ATV

## BORDER

## CHANNEL

## GRAMPIAN

## GRANADA

## HTV

... Melotoons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Great Outdoors. 7.00 Definition. 7.30 Film: "Matt Helm," with Tony Franciosa. 11.30 Westside Medical.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.35 David Frost's Global Village.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West. 6.15-6.30 Report West.

## SCOTTISH

## SOUTHERN

## TYNE TEES

## ULSTER

## WESTWARD

## YORKSHIRE

## Radio Wavelengths

## RADIO 1

## RADIO 2

## RADIO 3

## RADIO 4

## BBC Radio London

## London Broadcasting

## Capital Radio

# F.T. CROSSWORD PUZZLE No. 3,971

ACROSS

1 Keep out of sight and look for game (4-3-4)
7 & 25 Branded main communist (6)
9 Talk madly about oriental plunder (5)
10 Team to follow and divert (4-5)
11 Long for one fruit and another (9)
12 Animal taking water-pipe round head of river (5)
13 Send eastern sailors in by back door (7)
15 Go down—in the kitchen? (4)
18 Land in Paisley (4)
20 Flawless finish (7)
23 She is pleasant about Egyptian leader (5)
24 Stress where sleepers may be found (9)
26 Accumulate a bit of concrete (9)
27 Subject in article mother follows (5)
28 See 7 across
29 Insect in immature bundle of hay (11)

DOWN

1 Instrument with which smoker has a dance (8)
2 Interpret small illustration on bill (8)
3 Unusually near a ring (5)
4 Rubbish collector with clean face? (4-3)
5 Incessant as a circle is (7)
6 Old recruiter for hotel staff? (9)
7 Vicar getting support outside when it's bright at night (6)
8 Joint on top of table or maybe round the leg (6)
14 Get grease mixed for seasonal present (6, 3)
16 Sent round money as deposit (8)
17 Cheap way to travel with animal on time (8)
19 Teach Orientals to hold coin (7)
20 Type of English bird seen round end of wood (7)
21 A French trade show could be ugly (6)
22 Asked for breakfast food in bed (6)
25 Proportion in preparation (5)

Solution to Puzzle No. 3,970

# ENTERTAINMENT GUIDE

## OPERA & BALLET

## THEATRES

## CINEMAS

# THE ARTS

**Anthony D'Offay/Anthony Stokes**

## David Jones and Fay Godwin

by WILLIAM PACKER

Convenience is a most persuasive agent in critical and historical study, and the great artist who happens to be also eccentric or reclusive, and hard to accommodate within the regular professional apparatus, is also likely to find himself quite simply pushed to one side by the opinion of the generality, and greeted with an apologetic embarrassment when he is recognised at all. His work, when it is shown or read or heard will be enjoyed, no doubt, but given a heavily qualified reception, full of excuses and special pleadings, and its terms and circumstances will be misread, the nature of its ambition misunderstood, the achievement itself ignored. The moment of rediscovery and reappraisal will come at last, of course, with its attendant superlatives and exaggerations and recantations. "I told you so." "We knew all along," and "My goodness, look what we've found in the cellar!" But the work is the same as it ever was, the artist himself probably beyond all caring.

The David Jones revival has been under way for some years now, quite rightly so, and those involved both on the literary and the visual sides are to be commended for their initiatives, but it is still hard to see how his reputation came to need the kiss of life in the first place: his poetry commanded the respect of his most distinguished peers from the moment "In Parenthesis" was published, his critical writings have consistently enjoyed serious consideration, and among his paintings, drawings and inscriptions we find some of the most exquisitely refined and beautiful images to be made for a century past. And yet even now, five years after his death, it is not entirely clear that he is given his due, for the natural modesty of the paintings belies their real strength and ambition. Isolated in museums and galleries, the densely resonant and suggestive brew of images and association is inclined to give off its virtue in a cloud of charming obscurity, while literary study, with fine exclusivity, barely allows the graphic work to be more than mere incidental illustration to the serious business of the poetry, let alone an equal and parallel achievement. With narrative and symbol disregarded, we are left with a quirky water-colourist with a pretty technique.

Girl in a Welsh Landscape, by David Jones

But David Jones happened to be a great artist, and of a most singular kind, standing in direct line to William Blake. And, as with Blake, his work is all of a piece, the painting no more to be divorced from the writing than is possible with his great predecessor. He is more archaeological than mystical, more cultural scholar than visionary, more orthodox in his religion perhaps, but he is fully worthy nevertheless to stand beside Blake as an epic poet, and really he is the better painter and draughtsman of the two: large and not unchallengeable claims to make, but not unreasonable. The point is that the writing needs the painting to make the work whole. Both men conjure up for us a complete and credible mythology which lives in the mind visually, and for Jones the particular graphic image embodying more than the word alone ever can the mysterious but unmistakable correspondences sign and suggestion, figure and the landscape itself, the sense of place and the uses of time. Even in the most straightforward of the landscapes, the apple trees in the meadow below, the bird flopping through the sky above the bare hillside beyond, the work, every mark, is instinct with the natural, historic ritual of the turning year. This is ancient and heady stuff, and Jones's achievement is that he goes far beyond simple Celtic antiquarianism and romance to place his work squarely on the common, though densely overlaid cultural ground of all the ancient peoples of these islands, religious, domestic martial and celebratory.

The exhibition now at Anthony d'Offay (until June 2), of work made available by the David Jones Trustees, concentrates less on the specifically significant imagery and subjects, though there is among other things a small, splendid drawing of the Roman Wolf, The Mother of The West, than on the landscapes and still-lifes, of which there are several magnificent examples. They may be taken quite by themselves, of course, but signification must inevitably creep in, the flower-pieces especially suggestive, celebratory offerings with every cup and vase a chalice. This little exhibition needs no further recommendation, save only to say that it should not be missed. The Tate Gallery, incidentally, in its inaugural hang of the modern collection, has filled an entire wall with his work, which makes a happy pendant to the show.

Across London, at Anthony Stokes in Langham Court, off Long Acre (until June 15), words and images are also seen to come together, though this time not from the same hand but in collaboration. "The Remains of Elmet," soon to be published by Faber and Faber, consists of the work of two artists, Fay Godwin the photographer, and Ted Hughes, the poet. Hughes has known the Calder Valley, which was the last corner of the ancient Celtic kingdom of Elmet, all his life, and has been watching the slow collapse of its industry, and the drift away of population that have accelerated so since the war.

These poems of the past few years reflect his regretful concern: and they are matched with an extraordinary elegiac grace by Miss Godwin's photographs of that emptying and desolate landscape, derelict farms, old canals, and the ancient stone paths across the hills. She is emerging as a true original, a remarkable landscape photographer, and an important contemporary artist. Her work on this project fills the gallery splendidly.

**Metropolitan Opera**

## Carlos and Dutchman

by ANDREW PORTER

The last two productions of the Met season were of *Don Carlos* and *The Flying Dutchman*. *Carlos* was originally announced in the original language and with Ponnelle as producer; but Ponnelle's ideas, it seems, were pronounced impossibly expensive (he took them to Hamburg), and the singers once again preferred to do the piece in the bad old Italian translation that they know. James Levine conducted, very well. He had insisted on an uncut 1886 text—even at Covent Garden we have seldom, if ever, heard all three Elizabeth-Carlos duets complete, while at the ENO whole verses of arias disappear—and he justified his decision in a passionate, potent, and excellently proportioned reading. To Act 1, the prologue I found in Paris was added.

The show was neither as handsome nor as handsomely sung as at Salzburg or at La Scala, but it was possibly closer in spirit to the long, serious, and elevating drama that Verdi conceived. John Dexter produced, apparently in full knowledge of Verdi's production book: sometimes he actually improved on it. But he muffed the end: neither monk nor Emperor appeared: a voice was heard, and Carlos stumbled through the tomb gates.

The main weakness was scenic. There was no splendour, no grandeur of scale. And no variety, for instead of the scenes of varying depth, mirroring the form of the work, David Reppa produced a rectangular platform, variously decked, and flanked by two unattractive plywood towers. Verdi's three central acts are built of a shallow scene followed by a deep one, and in the 19th century the scene changes were made on open stage. Abbado has declared that a study of Verdi's stage-plans has helped him to understand his musical intentions. The Met *Aida*, *Prophète*, *Rigoletto*, and now *Carlos* have all been dulled by monotonous unit-set staging. The lighting, as so often at the house, was primitive: follow-spots tagged after the singers.

John Vickers and Christa Ludwig in Parsifal

*Renata Scotto's* Elizabeth was outstanding. Some found it mannered (like her Florence Norma, it divided the critics), but I thought it marked by an ardent dedication, sung and acted in a manner that made not only Elizabeth's character complete but those of Carlos, Philip, and Eboli more vivid. Carlos was Giuseppe Giacomini; his tone was strong and well-filled, his interpretation wooden. Marilyn Horne's Eboli was too massive, too majestic in conception. Eboli is described as "very elegant, frivolous, capricious, and readily excitable"—a high-born cousin of Preziosilla, not a sister to Amneris. Horne transposed the "O don fatal" down a third, to F, and it became heavy. She claimed that Verdi originally wrote the air in that key; he didn't.

Sherrill Milns's Posa and Nicolai Ghiaurov's Philip are familiar—both big-voiced, and sometimes splendid in a generalised way. Neither of them was profound or subtle. John Morris was an incisive Inquisitor, and then the Met's bass division ran out: a weak Charles V (John Cheek) and unnamed, inadequate Flemish deputies drawn from the chorus. In 1867, everyone was named—even the two supers who support the Inquisitor—and that seems to symbolise Verdi's insistence that everyone concerned in *Carlos* has a contribution to make.

The *Dutchman* production was by Ponnelle—and a horror. San Francisco saw it in 1975; it should have been left there. The producer wrote: "I wanted to tell the story on a different level than the original legend, so I decided to turn the entire opera into a dream of the Steersman." To the accompaniment of Wagner's score (which, in the composer's words, enshrines a myth "in which a primal trait of human nature speaks out with hearth-enthralling force . . . the longing for rest amid the storms of life"), Ponnelle staged the story of an hysterical, sex-starved little sailor dreaming of the boss's daughter. We didn't leave the deck of the steamer. A hint of red sails in the backcloth suggested the Dutchman's ship, and shrouds came down with corpses dangling in them. The helm doubled as a giant spinning wheel. The Steersman doubled as Erik. No picture: the Dutchman himself stood there, till Mary closed a door on him—which destroyed the effect of his later entrance, a thrilling moment in every other production I've seen.

In Ponnelle's principal role, William Lewis was very efficient. In Wagner's principal role, José van Dam sang with great beauty of tone—lyrical, pure, not heroic but excellently audible. Carol Neblett made her Met début as Senta; she was not very good to start with—unsteady in the lower ranges, and strident in the higher, with mushy words—but in the big duet the sound began to flow more evenly. Paul Plishka was a capable Daland. Levine seemed to be doing his best to reconcile Ponnelle's drama and Wagner's (but how can one conduct redemption music eloquently when there is no redemption around to express?). His performance could not have the conviction he brought to the *Met Tannhäuser*, that model of romantic Wagner on a modern stage. At the end, there was an explosion of violent booing. It's an ugly sound, and yet it must be welcomed if the directors hear in it a sign that the public is at last fed up with such jejune rubbish as was here served.

Levine also conducted the revival of *Parsifal*, an acceptable 1970 production by Nat Merrill and Robert O'Hearn, a kind of free paraphrase of Wieland Wagner's Bayreuth staging, less austere, more colourful. (Not as colourful as the 1882 Bayreuth original however, where even the Grail Hall glittered.) Jon Vickers was a little too determinedly boyish in the earlier scenes: the Met libretto may translate "tör'ger Reiner" as "foolish virgin," but one doesn't want to be reminded of Albert Herring. Then he became noble. And throughout the evening the poetic force and intensity of his utterance held one rapt on every phrase.

Kundry and Gurnemanz were veterans. Christa Ludwig sounded shrill and shallow in the more strenuous passages, but at times the old lustre remained. Martti Talvela's voice had lost its huge grandeur and there was no compensating new depth of insight. Bernd Weikl's Amfortas was incisive and passionate but, like Talvela, he needed more uegato. Levine's conducting was broad, flowing, and unforced. The orchestral playing (the Met is New York's better full-time orchestra) was rich, deep, full but never clogged, and luminous in the Good Friday music.

The four new productions next season are to be of *Die Entführung* (Levine, Dexter), *Mahagonny* (Levine, Dexter), *Ballo* (Patané, Elijah Moshinsky), and *Manon Lescaut* (Levine, Garland Wright).

**Purcell Room**

## A Celtic miscellany

by ANDREW CLEMENTS

The songmakers' Almanac is by now some three years old, a group of four of the finest young British singers under the direction and guiding influence of the accompanist Graham Johnson. Their distinction has come to lie almost as much in the intelligence and originality of their programme-building as in the quality and polish of their performances; no one else manages to explore the highways and byways of the vocal repertory so instructively yet entertainingly.

Apart from its regulars, the Almanac has always been able to recruit extra personnel with an unfailing knack of selecting the brightest new talents. So, for Sunday evening's concert, the regulars were the mezzo-soprano Ann Murray and the baritone Richard Jackson, the guests the sopranos Meryl Drower and Kathleen Livingstone and the tenor Neil Mackie. A collection of Celts—Jackson is a Cornishman, Miss Drower Welsh, Miss Murray Irish, the others Scottish—for a programme that mingled readings of Celtic verse with folksongs, Scottish verse used in the *Lied*, settings of Irish poems by Berlioz and Duparc, and original songs and arrangements by English composers.

The presentation was as slick and professional as usual, but in this instance perhaps the programme was 20 minutes too long. The highlights tended to be the items culled from cycles or collections: Jackson's singing of Gerald Finzi's beautiful "When I set out for Lyonnesse" from *Earth and Air and Rain* made one eager to hear him in the complete cycle; the two songs from Schubert's Seven Songs from Scott's *Lady of the Lake* are dark-hued settings almost in the *Schwanengesang* mould; the single Soutar setting from Britten's *Who are these Children?* presented only one side of this deceptively straightforward cycle.

But if the piecemeal approach offered frustrations it provided many incidental beauties. Ann Murray turned *The Last Rose of Summer* (arranged by Britten) into a highly polished art-song, while she skittered through "Phil the Fluter's Ball"; Richard Jackson made much of a Berlioz setting of *Thomas Moore's Elégie*, even if some French vowel sounds went astray. Graham Johnson devised the programme (a work of art in itself) and accompanied as deftly and sharp-wittedly as we have come to expect.

### 'Young musician of the year'

BBC Television has launched the second "Young Musician of the Year" competition. Cash prizes will be awarded totalling £5,000, and finalists will also win an appearance on BBC-TV with the BBC Northern Symphony Orchestra, conducted by Bryden Thomson.

The competition will be open to both young amateur and professional players of mainly orchestral instruments: piano, strings, wind and brass.

**Festival Hall**

## Bernstein

by NICHOLAS KENYON

The London Symphony Orchestra is celebrating its 75th anniversary this month, and it inaugurated a glamorous series of concerts on Sunday night with an appearance by arguably the most glamorous living conductor of them all: a musician for our TV-video spin-off age. In deference to an unusual programme (a Haydn Mass and Stravinsky's *Firebird*, subsequently changed, alas, to Haydn and Shostakovich's Fifth Symphony) the LSO showed commendable restraint in their pricing of the hall—the result was a sell-out, with all the paraphernalia of foot-stamping, standing ovations and even wild rhythmical clapping which makes an occasion out of a concert.

Bernstein's overwhelmingly simple, full-hearted affirmation made of Haydn's *Theresienmesse* a gloriously operatic set of dance-movements, shorn of all sense of period or style or characterisation. In what sounded like a first enthusiastic run-through for a subsequent recording session, the only really professional contribution came from the amateur London Symphony Chorus, rumbustiously powerful in attack and splendidly full of tone in the great unison shouts which begin the *Credo*. Soprano Lucia Popp sounded genuinely Viennese, if slightly erratic: the other soloists were more reliable and duller. The orchestra, playing (unbelievably on such an occasion) under a guest leader, were less than sure of themselves in Haydn's filigree decorative writing for the strings. Bernstein aimed for a great, generalised Dance of God, and achieved it: but there was more than a little stumbling on the sidelines.

For Shostakovich's Fifth Symphony, the LSO's wind principals graciously appeared, and the confidence given by a standard repertoire work transformed the orchestra's cohesion. Bernstein drew the utmost sonic excitement from the score; he found it more difficult to give the music any sense of truly symphonic development. The manic waltz of the Allegretto had a splendid sense of weighty movement (the skittish solo passages done with distinction), and the juddering climax of the Largo found Bernstein shaking with tremolo-laden passion. The musical content, though, sounded irrelevant and even inconsequential: is the last movement really the vulgar romp which Bernstein made it? Some moments of precisely timed co-ordination (xylophone and violins, harp and celeste) reminded one what excellent orchestral ensemble sounds like: but the skills were being poured into an empty (though resoundingly noisy) vessel.

### Royal Ballet for Bristol

The Royal Ballet will present a season at the Bristol Hippodrome from Tuesday June 5 to Saturday June 9. It will perform *Manon* (June 5, 6 and 7); *Concerto*, *The Firebird* and *Façade* (June 8, 9, matinee and evening).

**Festival Hall**

## Hallé Orchestra

Visiting the South Bank on Friday night, James Loughran and the Hallé Orchestra played the Second Symphony of Elgar and Beethoven's Fourth Piano Concerto. The soloist in the Beethoven was Alicia de Larrocha, fresh, lively and precise as ever. Her range includes strength as well as charm and wit, which were fully exercised in the final Rondo, but she is shy of German *Innigkeit*, too civilised to offer naked confidences. For that reason, the slow movement sounded merely thoughtful and shapely. If the heart of the matter lies in the dramatic confrontation of the minatory orchestral voice with the pleading rejoinders of the piano, it did not emerge in the well-bred exchanges we heard. *Miss de Larrocha* never conveys anything less than suave assurance, though she conveys much else besides.

The result was a performance that was not underweight, only a little reserved—more Classical than Romantic, so to speak. Mr. Loughran matched his soloist's rhythmic alertness admirably and the quick responses of his orchestra were impeccable. The Hallé were in particularly satisfying form; if their collective sound is not ultra-refined, they can play with a wide-awake musical conviction which counts for much more. It was good to find no tell-tale sign that rehearsal time for Beethoven had been squeezed by the enormous Elgar symphony.

That, in Loughran's clean-limbed account of it, was duly imposing and exuberant, with stirringly forthright horn-playing. The over-ripe flavour of the work was minimised, thus making the monstrous apparitions that break into the score two or three times seem especially strange and gratuitous. The Scherzo did not snarl, nor the Larghetto moan; they revealed no ground for the sudden explosions of intolerable feeling.

DAVID MURRAY

**FINANCIAL TIMES**

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871/2, 883897

Telephone: 01-248 8000

Tuesday May 15 1979

# Policing the policeman

IT HAS TAKEN four years for the two inspectors appointed by the Department of Trade to reconstruct the take-over of Grendon Securities—a company which the property crash of 1974 rendered valueless—by the interests of Mr. Christopher Selmes, whose career as a British financier subsequently ended.

Their findings make excellent reading, but they confirm, rather than reveal, the spirit of the City in the early seventies. Other and bigger business catastrophes — Slater Walker, the secondary banking crisis—have already showed up the unsound business judgment in those days and have shown, more importantly, how some of London's most eminent institutions were swept up in this rashness.

### The criticism

The eye-catching thing about this report is criticism it makes of the City's Take-over panel, which had a leading role to play in the story. Mr. Selmes' takeover of Grendon was made possible by the decision of the Grendon chairman, the Duke of St. Albans, and of another director Mr. John Bishop, to sell their Grendon shareholdings. The Panel looked into these sales to see whether, under the take-over code, they had undermined the position of other shareholders in Grendon.

The report makes quite clear the inspectors' feeling that the Panel was insufficiently critical of the dealings of these two directors and did not do enough to reverse the consequences of their actions. They suggest that the Panel went about its work rather reluctantly, that it did not call enough witnesses, and that the way the Panel conducted its enquiry made it easier for the Duke and his associates to "conspire to lie to the Panel."

The inspectors also criticise the refusal of the Panel to make the transcripts of its enquiries available to them, which they feel would have been of great assistance to their investigations.

The Panel has subsequently explained that it accepts evidence from witnesses on the understanding that such information will not be made available to others without the consent of the witnesses. This consent was not forthcoming, and the DOT inspectors apparently made no move to gain access to it via the courts.

It is interesting to note that in their recommendations the two inspectors do not mention the Panel at all, or call the whole principle of non-statutory self regulation into question. But they make clear their frustration at not being able to get hold of information which they know exists.

They suggest that the 1948 Companies Act should be altered to allow inspectors to have right of access to people not directly involved in the company under investigation and to books and documents that relate to the company.

With the benefit of four years' hindsight it is easy to see that this is just the type of case which makes a mockery of the principle of self-regulation. A code which is based on the assumption that the take-over game will be played in a gentlemanly sort of way is shown up to have been quite inadequate to cope with alleged conspiracy to lie, alleged bribery, and a determination to ignore the interests of shareholders.

But it does not amount to a case for a Securities and Exchange Commission. The panel was asked to form a judgment in little more than a month. It was 1½ years before an official inquiry started. It has taken another four years for the inspectors to piece the tale together—not merely because they have insufficient powers but because of the ease with which all statutory investigation can be delayed. And it is unlikely, in this case, that the findings of the inspectors will have any repercussions for wrong-doers greater than the opprobrium which the establishment has already heaped on them.

### The object

This report does show that a speedy, and inevitably fallible, system of self-regulation must itself be policed by the more ponderous processes of official enquiry. The object of the code, in the code's own words, is to "enforce a higher standard of conduct in take-over and merger transactions than is required by the various statutory provisions." The report suggests strongly that in the Selmes case the Panel failed to deliver: the rapper of merchant banking knuckles, has had its knuckles rapped. Presumably, the lesson will be learned.

# Pushing up the yen

THE JAPANESE economy and Japan's balance of payments are in any long term reading much healthier than the continuing weakness of the yen would suggest. On Friday the Japanese authorities announced their third set of measures in less than three months to bolster the currency. The effect of the new package is to remove hurdles to the inflow of short term and long term capital into Tokyo which have become increasingly anomalous at a time when the government wants to attract foreign funds to help reduce the continuing deficit on the overall balance of payments.

This follows sustained intervention by the Bank of Japan since February in support of the yen and the raising of the official discount rate. But the new package seems as yet to have made little impact on the market's nervousness. The yen after strengthening sharply from Friday's close of 215 to the dollar today in early trading in Tokyo fell back to end the day at 213.85. This still leaves the currency undervalued in the belief of both the Japanese Government and the business community.

### Causes

There are several reasons why the worries of 1977 over a sharply appreciating yen have turned into this year's worries that it has depreciated too far. The root of them lie in the turnabout in the overall balance of payments and the increase of Japan's domestic inflation rate. The balance of payments moved into overall deficit in the last quarter of last year (and has stayed that way) as a result of large capital outflows and the decline in volume terms of Japanese exports. In March the current account balance was in the red for the first time in three years.

The wholesale price index also bottomed out in October last year and has been climbing since with a rise of 1.7 per cent in April alone. The main causes of this accelerating trend have been rising commodity and oil prices and the depreciation of the yen itself which has raised Japan's import costs. The weakness of the yen has been further exacerbated by the ill-judged action of the Japanese authorities in continuing to make heavy dollar purchases in the last quarter of 1978 in spite of the balance of payments having moved from surplus into deficit.

The government's concern now is that the continuing depreciation of the yen will further exacerbate inflation. This would come at a time when there are modest signs of a recovery. The increase in GNP for fiscal 1978/79 is likely to be of the order of 5-6 per cent—low by Japanese standards but achieved in spite of a negative contribution from the export sector. Growth has come firstly from higher levels of public investment, and more recently and more strongly from a pick up in consumer spending. The government has been hoping that this in turn would result in a revival of capital investment.

What it fears is that a return to higher levels of inflation would nip this recovery in the bud—forcing the authorities to impose tighter credit restrictions, thus jeopardising the higher levels of investment.

### Reserves

It is in the interests of Japan's trading partners to have a consumer led recovery of Japan's economy bringing with it higher levels of capital investment in Japan. Not only does this hold out the potential of Japan importing more manufactured goods from other industrialised economies and of its being less pushing in its competition for capital goods orders in third markets. But a weak yen will also be a spur to Japan's exporters.

The recent understanding between President Carter and Prime Minister Masayoshi Ohira on his recent visit to Washington has by no means ended squabbles between Japan and the U.S. over trade issues such as the procurement policies of Japanese Government agencies. Both dictates of domestic and of trading policy require a stable, stronger yen. With foreign exchange reserves of about $24bn, the Bank of Japan has plenty of muscle to push the rate closer to the 200 level that it wants. It will probably have to use its strength.

PROBLEMS FACING THE TORY AXE-WIELDERS

By JOHN ELLIOTT, Industrial Editor

# The growth and growth of industry aid schemes

DURING the past few years companies have been able to turn to a rapidly increasing number of schemes run by the Government to encourage them to employ more people, to modernise their factories, or to accelerate their investment programmes. Handouts of £1m or more have gone to some large companies to persuade them not to make people redundant while Ford Motor has been allocated £150m, most for the Bridgend engine plant, and Hoffman La Roche has been enticed into the UK with £45m for a £140m vitamin C plant in Ayrshire.

Some of this money is allocated automatically in the country's assisted areas while the rest is paid selectively after vetting by Whitehall civil servants or their equivalents in agencies such as the Manpower Services Commission. There is a total public spending budget of £3bn a year for all the Government's industry, trade and employment activities, and it is estimated that the Industry Department alone has paid out £3bn over the past five years through aid schemes aimed at boosting employment and industrial efficiency.

Now the Conservative Government has determined that the bonanza is over, as will probably be indicated in today's Queen's Speech and next month's Budget. No detailed policies about how to cut the schemes, however, have yet been adopted by Ministers and promises of aid already made, plus the problems of high unemployment, will prevent any widespread cancellations.

Nevertheless, there will be changes. Employment schemes could be trimmed and some of Labour's plans could be abandoned. There will also be a close look at automatic regional aid where substantial savings could be made if, as some Ministers favour, the size of the country's assisted areas were reduced. At present these areas cover 40 per cent of the country and 40 per cent of the working population. Selective industrial aid will also be tapered off as schemes expire till there is little left, although the achievement of such a target could take the full life-time of the Government because some plans run through to 1984.

Basically the mushrooming of aid has stemmed from two sources. First, ironically, it has been based on the last Conservative Government's 1972 Industry Act which came into being with the Heath Government's "U" turn on lame ducks and industrial intervention. Secondly, there are employment schemes introduced by Labour from 1975 onwards as unemployment soared above 1m and threatened union co-operation with the then social contract.

The largest amounts paid out (as the accompanying tables show) were under the 1972 Act, and especially through regional development grants (known as RDGs) which are now rising from an annual rate of £400m to some £450m. RDGs are paid irrespective of whether jobs are created, and generally provide 20 to 22 per cent grants; half of Ford's £150m came from this source.

They could be cut by reducing either the percentage allowed or the types of investment covered — or the size of the assisted areas could be reduced. Cutting back on the areas would also help to reduce money paid out for regional job creating schemes under the 1972 Act's Section 7 selective aid. This is now running at some £50m a year and is often criticised because of the cost per job involved. Current estimates suggest that a total of 325,000 jobs have been created since 1972 and that the State is now paying £1,200 to £1,500 for each job.

Next there is Section 8 of the Act which was extensively developed by the last Government, enthusiastically encouraged by Industry Department civil servants who juggle the different aid schemes to produce complex aid packages for individual projects.

## 'Lame duck' help

First there is general "lame duck" help to the motor, shipbuilding and other industries as well as to other problem cases which are not located in the assisted areas and so cannot be absorbed in the general regional handouts.

The main growth however has been in special schemes designed for individual sectors of industry and, more recently, to deal with general problems like the adoption of micro-electronics technology or energy conservation.

The first sectoral scheme was introduced in 1973 by the Conservatives for the textiles industry; and the Labour Government then introduced a further 14 schemes.

There have been two main aims behind these schemes whose areas of application range from poultry production and shoemakers to micro-electronics and foundries. One has been to push aid into clearly identifiable parts of industry where all companies could be treated equally. The second is to encourage counter-cyclical investment during a recession. Generally the schemes have helped, with some hiccups, to encourage investment, although the doubt will always remain about how much they really advanced companies' plans.

A considerable amount of the money allocated to these schemes is already committed, although some schemes are open for applications for another year or so and could be stopped if the Government did not mind withdrawing aid for advanced technological and other developments. On a £70m microelectronics scheme for example, only £4m has so far been promised and only £300,000 spent while nothing has been spent and only £5.5m promised on a £55m microchip application scheme.

The biggest of the aid schemes is the £150m Selective Investment Scheme introduced in December 1978 to entice inward investment like the Hoffman La Roche plant and to encourage UK companies to bring forward major investment plans by paying them more than is available under regional aid. This scheme runs out for applications at the end of next month (although only £2.6m of the £150m has actually been spent), and Sir Keith Joseph is likely to abandon a £150m extension planned by Labour. If he does so future major inward investment projects would have to be treated individually if they needed more than the regular regional aid.

While supporters of these different sorts of industrial aid can claim that State funds are being spent on permanent worthwhile projects, employment aid is primarily concerned with reducing the social impact of high unemployment and therefore often offers only temporary solutions.

Originally the employment schemes were conceived merely as a one or two year exercise but, with the recession and high unemployment lasting longer than had been expected, they have now been budgeted through to 1984, subject to annual reviews. This year they will involve a total of £500m expenditure by the Department of Employment, whose schemes are aimed at keeping people in jobs, and the Manpower Services Commission which concentrates especially on the problems of young people and retraining.

The most notorious scheme has been the Temporary Employment Subsidy (TES) which is now being run down. It pays companies to delay or cancel redundancies and has led to payouts averaging £68,000 per company but rising to well over £1m for concerns like Courtaulds and ICI. It was taken up in a big way by companies in textiles, clothing and footwear, which have accounted for half its expenditure, and it has been generally criticised for subsidising inefficient companies without long term futures.

Eventually it was stopped because the European Commission, under pressure by Irish textile producers and others, said it was leading to unfair competition. It was replaced by the last Government with a new temporary short time working compensation scheme aimed at encouraging employers to put people on short time instead of sacking them. Labour introduced a Bill, which fell with the election, to make this a permanent scheme and budgeted for it to have £200m this year rising to £460m after 1981. The plan, which was copied from German experience, was strongly opposed by the Confederation of British Industry which is ambivalent about many aid schemes but on this occasion said the plan would not only boost public spending but would "encourage featherbedding" by maintaining non-existent jobs and paying people for work not performed.

The new Government would probably oppose the TES arrangement in principle, as well as the continuing small firms scheme, because they both involve direct subsidies to companies. But it is thought in Whitehall that it might object less to the other schemes which are tied more directly to what happens to individuals—for example people retiring early or going onto short time.

The object of the schemes is to have some impact on the fringe of the problem of unemployment. It is estimated that 250,000 people are being helped at the moment, which has a net effect of reducing unemployment by about 170,000 to 180,000. The cost per job is put at £1,500. (Like other cost-per-job figures, this is a gross estimate and is considerably reduced when the cost of an unemployed person's social security payments and loss of tax contributions are included.)

The reasons why the Government wants to cut back all these different sorts of industrial aid is that it does not believe either in State intervention in industry or in featherbedding troubled companies. Even more urgently, it also needs to cut public spending in order to fund the tax cuts that it believes will liberate industry and make intervention and aid unnecessary.

In trying to carry out these plans, however, it is having to trim its ambitions because some companies and regions need State aid, because it could be politically unpalatable to cut spending that would lead directly to an increase in unemployment, and because it will take a long time for tax cuts to affect industrial performance.

## MAJOR EXAMPLES OF STATE AID TO INDUSTRY

**DEPARTMENT OF INDUSTRY AID ADMINISTERED UNDER 1972 INDUSTRY ACT**

| Type of aid | 1972-74 (Tory Government) | 1974 to Feb.-March 1979 (Labour Government) |
|---|---|---|
| Automatic Regional Development Grants for buildings, plant, machinery and works (irrespective of how many jobs involved) | £115m spent | £1,704m spent (£400m annual rate since 1976). |
| Section 7 selective job-related aid in assisted areas paid as interest relief grants, loans, or removal grants etc. | £64m offered | £380m offered of which £213m paid out. |
| General Section 8 aid allocated to individual companies or projects, often as lame-duck rescues, in grants, guarantees, loans, equity | £395m offered over the two periods including £180m to BL (which also receives NEB aid), £82m to Chrysler, and £5m to Meriden co-op. | |
| Special aid for the shipbuilding industry | £282m committed | £720m approx. offered. |
| Section 8 Sectoral schemes now closed for applications covering clothing, electronic components, ferrous and non-ferrous foundries, instrumentation, machine tools, paper and board, poultry meat processing†, printing and textile machinery, and wool textiles | Nil | £266m aid available. £71m aid spent out of £242m offered to 2,604 projects costing a total of £1.1bn. |
| Section 8 Sectoral schemes still open for applications covering drop forging, footwear, microelectronics*, and red meat slaughterhouses† | Nil | £100m aid available. £1.4m aid spent out of £11.4m offered to 230 projects costing a total of £75m. |
| Section 8 General scheme, called Accelerated Projects, now closed for applications | Nil | £100m aid available. £36.6m spent out of £72.3m offered to 113 projects costing a total of £627m. |
| Section 8 General schemes still open for applications including Selective Investment Scheme, product and process development*, energy conservation, and microprocessor application* | Nil | £250m aid available. £3m spent out of £99m offered to 916 projects costing a total of £840m. |

* Funded wholly or in part under Science and Technology Act 1965. † Introduced by the Ministry of Agriculture.

**EMPLOYMENT AID ADMINISTERED UNDER THE 1975 EMPLOYMENT PROTECTION, 1978 EMPLOYMENT SUBSIDIES, AND OTHER ACTS**

| Type of Aid | People helped or jobs created | Expenditure (generally to Feb.-March 1979) |
|---|---|---|
| __Schemes run by the Department of Employment:__ | | |
| Temporary Employment Subsidy (TES): Started Aug. 1975 and closed for applications this March. Payments continue for another year | 512,000 (70,000 still covered) | £402m paid out of £450m budget. |
| Short Time Working Compensation Scheme: Started May 1978 for clothing, textile and footwear industries to succeed TES | 12,000 so far | £1m so far. |
| Temporary Short Time Working Compensation Scheme: General successor to TES | Estimated 55,000 at peak | Estimated £75m a year. |
| Small Firms Employment Subsidy: Started July 1977 and runs till next March | 45,000 so far | £14m so far. |
| Job Release Scheme: Early retirement aid started Jan. 1977 | 49,000 so far | £39m so far. |
| Adult Employment Subsidy: Experimental scheme on Merseyside, Tyneside and Leeds | 800 people | Less than £1m. |
| Youth Employment and School Leavers' Subsidies: Ran from 1975-78 | 77,000 | £13m. |
| __Schemes run by the Manpower Services Commission:__ | | |
| Job Creation Programme: Ran from 1975 to 1978 | 210,000 | £187m. |
| Youth Opportunities Programme: Started Sept. 1978 and budgeted through to 1983. Preceded by Work Experience Programme 1976-78 | 180,000 so far | £97m so far |
| Community Industry: Started 1972 | 24,000 so far | £30m. |
| Special Temporary Employment Programme: Started in April 1978 | 12,000 helped | £11m so far. |
| Various training courses for young people and supported places in industry | 300,000 so far | £143m so far. |

# MEN AND MATTERS

## Rattling yarn from HMSO

The report on the affairs of Christopher Selmes, financial and asset-stripper, was well worth waiting for, even if it did take the two inspectors four years to finish it. About the size of a telephone directory, it has a distinctive style about it conveyed by the chapter headings: Mr. Phillips' expenses, Lazy Boy and the Turkish project; when Mr. Selmes first met the Duke; Mr. Selmes panics; the departure of Mr. Selmes. . . .

An approach reminiscent of the Waverley novels seems to affect parts of the report, as in the chapter headed: The Duke of St. Alban's Defection," in which the reader is prepared for the shocks to come: "We explain how a better offer for the Grendon shares was available from MEPC; how the Duke for reasons personal to himself was determined to sell to Mr. Selmes; how the Duke betrayed the loyal Grendon board and the Grendon shareholders, how the Duke issued a Press statement full of material untruths and how Mr. John Addey happily assisted in the preparation of this statement. . . ."

At £7 it beats a lot of other HMSO publications for suspense and readability.


"Probably a Sickert"

## Feeling deprived

Campaigning will soon be going on apace amid the European Community citizens living in Britain. Representatives from the Italian Communist Party are among the politicians due over here later this month in search of votes.

This news will only serve to increase the chagrin of Rodric Norman, an engineer living in Belgium and holding a British passport—but having no vote at all in the Euro-elections. There may be apathy in this country, but Norman is so angry at what he calls a "serious deprivation" that he has lodged a complaint against the British Government with the European Court of Human Rights.

He is not alone in feeling deprived: no British subjects living elsewhere in the Community will be able to vote—unless they are lucky enough to be in Holland or Ireland, which will allow the mto take part in their elections.

A EEC spokesman told me yesterday: "Each country made its own rules about voting—and Britain is extremely restrictive and parsimonious." He said there have been 20 or 30 complaints so far from aggrieved Britons domiciled abroad.

Even British citizens working in the EEC headquarters in Brussels will have no vote. Only exceptions to the rigid rule are Foreign Office officials and members of the armed services based on the Continent. But all other EEC nations take a broader view. As the German Embassy in London explained: "Any of our citizens living here, or elsewhere in Europe, need only write to the town hall in the place where they last lived in Germany, and they will be registered."

In his formal complaint, Norman is asking the Strasbourg court to award him "moral damages" of one European Unit of Account. On the telephone I told him that it is the British "first past the post" electoral system which so complicates matters. "It is archaic," he retorted. "At the very least, there should be a special constituency for us Britons living abroad."

## Rent-a-child

In New York City the going price for a baby this year is between $10,000 and $20,000. But such is the demand that cannier operators may find a leasing arrangement more profitable—bringing returns of up to $30,000 over five years.

The curious, and often shocking facts of the baby market have emerged in various official reports published in the U.S. over the last few weeks. Lawyers have come out of it all particularly badly. It seems that the business of private placement adoption—typically, couples paying $10,000 and upwards for healthy white infants—is dominated by attorneys who know the ins and outs of the family courts. The lawyers have also established networks for finding suitable unwanted babies as far away as West Germany. One lawyer admits placing 300 babies over three or four years.

Americans have been even more startled by revelations about the foster care system, which has resulted in some 30,000 children staying in care rather than finding permanent homes. A system has evolved which makes it virtually impossible to wrench a child out of the official foster care system.

Almost 100 private agencies find it more profitable to place children in foster homes than with the many couples anxious to adopt them. The cost of this state of affairs to New York taxpayers is about $300m a year.

## Mirror splinters

When Michael Edwardes arrived on the scene, Leyland Mirror — possibly the best industrial newspaper ever seen in Britain—marked the occasion with the headlines "Help me to do the job." Sadly this was the last encouragement Leyland Mirror was able to offer. The paper, complete with its page three nude, was closed down overnight.

A few months before Edwardes took over, it had won the premier award in British industrial journalism. Another award arrived posthumously. BL concedes that Leyland Mirror was a success: "Unfortunately, the business it was writing about was not a success."

The editor of SP News, journal of BL's Special Products division, has just been along to collect his award for producing the best newspaper in its class in the annual competition of the British Association of Industrial Editors. Unfortunately, he too was made redundant at Christmas and SP News has disappeared in a new wave of "reorganisation."

Awards and closure have had such a close relationship that there is mild consternation at news of another BL design award—this time for one of the four modest eight-page papers, each run by a single journalist, which are all that is left of the group's excursion into journalism.

## Sitting ducks

Buxted Poultry has given a new meaning to the old adage about counting your chickens. Its sales director, John Carpenter, yesterday claimed a planned national TV advertising campaign will reach 73.6m housewives. Not bad, out of a total population of under 60m in Britain.

According to Buxted: "The commercial will reach 83 per cent of housewives—that's 15.6m—who will see it, on average, 4.7 times. That's the equivalent of 73.6m housewives." Simple isn't it?

*Observer*

FINANCIAL TIMES SURVEY

Tuesday May 15 1979

# WORLD PULP, PAPER AND BOARD

Among the key questions facing the pulp and paper industry is the relationship between the main producers in Scandinavia, North America and Europe and the fundamental issues of free trade, competition and tariffs which have begun to emerge. In particular, North American competition in Europe is likely to come under closer scrutiny if the present slow recovery should weaken.

## A slow but shaky recovery

By Max Wilkinson

DESPITE THE recent improvements in the pulp and paper market, European and Nordic producers are now launched into a period of turbulence and change from which it is difficult to predict the outcome.

Overcapacity, national protectionism, low or non-existent profits, lack of capital for future development and the shadow of government intervention all have to be seen against the perspective of increasing exports from the U.S. and Canada.

In the southern American States particularly, low wood costs high production volumes and the fall of the dollar have combined to give decisive advantages over Scandinavian and European competitors.

For all these reasons, it would be unwise to fall into the easy assumption that the recent hardening of demand and prices will necessarily signal a return to "normality" and the comfortable growth patterns of the previous two decades.

Perhaps the most important of the uncertainties is the future relationship between the main pulp and paper producers in Scandinavia, North America and Europe, and the fundamental issues of free trade, competition and tariffs which have begun to emerge.

In simple terms, the question is whether the Nordic and European producers can hope to compete against their competitors in Canada, and more especially in the U.S.

If they cannot compete, are governments prepared to accept the consequence of the closure of less profitable mills and the loss of jobs which will result? Otherwise, what protective measures will the EEC be likely to take on the one hand against North America and perhaps even against the Nordic producers?

In 1973, when the industry was enjoying its last wild fling of prosperity, these sober-suited questions were little entertained. Some sort of hang-over was expected, of course, but few people dreamed that it would lead as it has, to the edge of bankruptcy. And it was certainly not envisaged that competitive pressures from America would play such an important part in holding down prices and thus forcing many companies, particularly in Scandinavia, to suffer a prolonged haemhorrage of profit.

Although American imports had been slowly gaining ground for some years in newsprint, chemical pulp and kraft liners, the vigour of competition during the last period of severe recession appears to have taken many people by surprise.

Possibly, this was because the industry had been cushioned in the past by a series of cosy relationships between rivals, characterised by free exchanges of the industry's abundant statistics and several unspoken agreements on the subject of "orderly marketing."

In the past 18 months, a series of investigations by the European Commission into allegations of cartels in the industry have caused a certain amount of anxiety as well as private ribaldry.

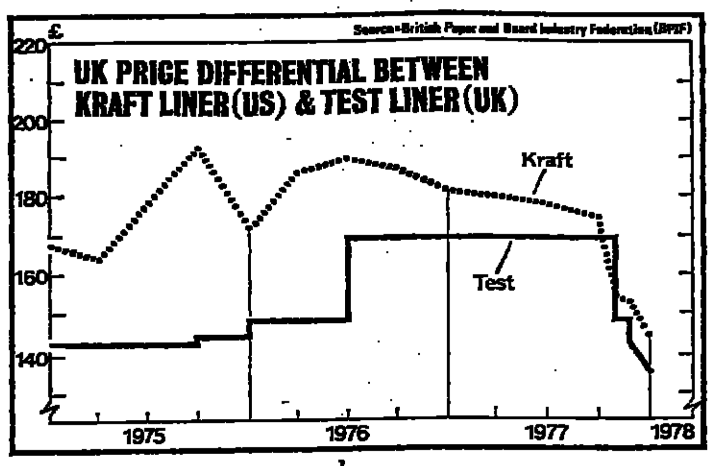
But the reasons for American competition are more fundamental. They stem from the steady progress which has been made in exploiting the abundant and fast growing forests of the southern states of the U.S., where labour is cheap, capital is available on relatively easy terms, and huge economies of scale are possible because of the size of the U.S. market. The fall in the value of the dollar has added to these competitive advantages.

### First result

The first result is that American companies can land bleached chemical pulp in Europe at prices which are capable of putting their competitors in Scandinavia out of business.

The initial reaction of the Scandinavians was to try to maintain their prices, but that led to a disastrous loss of market share from about 56 per cent in 1973 to 40 per cent in 1977. Then, in 1977, they tried to recover market share, but at the expense of a continuous loss of profit.

This year, with a slightly improved demand, the Scandinavians have managed to edge the price upwards to $435 a tonne for bleached kraft pulp from April 1.




Kraft liner is packaging material made from virgin fibre. Test liner is a substitute made largely from wastepaper.

However, the increase is beginning to cause anxiety among European paper makers which fear they will once again be squeezed between high pulp prices and a low selling price for their paper. The Scandinavians, having learned a sharp lesson in 1976 when many of their traditional customers deserted them, in favour of American suppliers, are taking a cautious attitude and tend to make conciliatory noises about the need for an increase in paper prices. However, this is not easily achieved because the fine paper market is still suffering from over capacity.

The availability of cheap wood in the southern states is tending to hold down prices in two other grades: kraft liner used in the packaging industry and newsprint.

The American producers of kraft liner with an annual output of 15m tonnes can have a major impact on the European market although exports are only 8 to 10 per cent of their total production. From a high point of $370 a tonne, kraft liner prices tumbled to $255 by the end of last year in Europe compared with $215 per tonne in the U.S.

At these levels, the only European producer, Cellulose du Pin in France was in trouble, and moreover the producers of test liner, a competitive product made from waste paper, found that the price differential between their weaker product and the virgin fibre kraft liners was almost eroded.

An anti-dumping application by the French resulted in the setting of a minimum price by the EEC. This has somewhat alleviated the plight of European producers, but the competitive strength of the U.S. remains, and the strong pressure behind proposals to reduce the tariff from 8 per cent to 6 per cent indicates a continued determination to sell into Europe.

### Capacity

The influence of the southern states on the European newsprint market is more indirect, and somewhat uncertain, because consumption of newsprint is expected to increase relatively faster than that of other grades. Anxiety arises from the fact that extra capacity for newsprint is now planned in the U.S., which will add nearly 10 per cent to production in the two years 1980 and 1981.

Analysts Buckmaster and Moore estimate that in the next three years an extra 1.2m tons newsprint capacity will be added in the U.S., much of it in the Southern States; and capacity in Canada will increase by 525,000 tons by mid-1983. The prospect of a substantial increase in the U.S. is creating anxiety among the Canadians which last year exported about three quarters of their 8.8m tons newsprint production to the U.S.

If U.S. demand should fall to keep pace with the increased capacity, the Canadians will naturally look towards Europe which is their second largest export outlet to which 680,000 tons were shipped last year.

The Canadians are therefore extremely anxious to obtain good terms in 1984 when the present duty free quota arrangements for imports of newsprint into the EEC are likely to be renegotiated.

This question is discussed in more detail in a subsequent article. The basic issue is the extent to which the EEC will be prepared to protect its own and the Scandinavian industry in the event if an unexpected fall in demand should intensify price competition with the Canadians, and the extent to which the North Americans will be allowed to increase their share of the European market without meeting an organised challenge.

Anxiety about the possible disruptive effects of U.S. competition in Europe was made very evident in the last stages of the recent GATT (General Agreement on Trade and Tariff) negotiations, when the American pressure for further concessions on tariffs apparently took the European industry by surprise.

After some very hard negotiations a compromise was reached in which the reductions would be phased in over an extended period of seven years. The most important concession was for kraft liner. Newsprint is effectively duty free because the present quota of 1.5m tonnes is enough to cover almost all the imports from Canada and the Nordic countries.

However, certain rumblings of protectionism have been evident even in this sector during the annual discussions about the quota, which are intended to ensure that all EEC mills can produce at full capacity before additional duty free imports are allowed.

The fear that American imports may permanently depress price levels in Europe is allied to a new series of uncertainties about the relationship between economic growth and demand for the forest industry's products. Throughout the 1950s and 1960s, consumption of paper and board grew at a rate somewhat higher than the growth of the European economies.

This led to a comfortable belief, particularly in Scandinavia, that that ever larger, more efficient machines could be built to achieve economies of scale and satisfy the increased demand. (This expansion, however, led to the closure of many smaller, less efficient mills, particularly in the UK, which was exposed to the full force of duty free competition from its Nordic partners in EFTA.)

Recently, however, there have been signs that paper and board consumption may be slowing down both in absolute terms and in relation to economic growth. Competition from plastics and other new materials has hit the packaging industry, while the printing and writings sector is just beginning to feel the effect of newer electronic forms of communication and information storage.

Electronic mail, electronic libraries and electronic funds transfer, all still in their infancy, are examples of the new techniques which could reduce demand for paper.

If the trend of consumption does fall even by a few percentage points, the many small and inefficient mills which are still in existence in Europe will feel the effect of competition

CONTINUED ON NEXT PAGE

# More hope for Nordic companies

THE NORDIC pulp and paper companies are anticipating a badly needed profit recovery this year — but this financial relief has not stilled the forebodings about the industry's domestic operating conditions and the sharpening competition on foreign markets which developed during the slump years of 1977 and 1978.

The financially stronger companies are investing in plant modernisation and in reorganisation of their product mixes towards qualities less exposed to competition from the North American and developing country mills. They are planning more mergers and co-operation agreements.

The weaker companies are looking for state support. The Swedish State has just had to invest over SKr 1bn ($227m) in new equity capital in the two largest manufacturing concerns run by the forestry owners' co-operatives, SODRA and NCB. Both the financially strong and those tottering on the edge of insolvency are urging their governments to act decisively to contain rises in wage and other costs.

## Prices

The increase over the past year from $310 to $435 a tonne in the leading price of bleached sulphate pulp means that pulp mills in all three Nordic countries, Finland, Norway and Sweden, should turn in reasonable earnings again this year. The stocks accumulated during 1976 and 1977, when state inventory subsidies encouraged the mills to keep up production and employment after the market had fallen, were almost entirely eliminated last year.

The mills are now operating at much higher capacity and can even contemplate a further rise in pulp prices from the middle of the year. The closure of older mills producing pulp by the sulphite process has been accelerated, partly because of declining demand and partly because of the pollution control regulations imposed in the early part of the decade.

The Nordic producers, however, have yet to regain the share of the West European market which they enjoyed in the early 1970s and it was noteworthy that, for instance, Swedish pulp exports to countries outside Europe, including Japan, rose relatively faster in 1978 than exports to the traditional European markets.

On the paper and board side, Nordic shipments have been rising steadily since the beginning of 1978 but demand has varied considerably among the different products, some of which have not been able to take the price increases they need to reach adequate profit margins. The market for newsprint and magazine paper has been stable, prices firm and most manufacturers of writing and printing papers have shown fair earnings. Fine paper producers have also experienced stronger demand and better prices.

The latest profit forecast for the Swedish pulp and paper companies suggests that the pre-tax losses of roughly SKr 1bn which the industry suffered in both 1977 and 1978 could be turned into a SKr 2bn profit this year. In Finland, it is hoped that most companies will generate sufficiently large operating profits in 1979 to be able to make full depreciation allowance for the first time in four years.

The Finnish industry is less dependent on market pulp sales than the Swedish, has lower wage costs and has laid off more workers during the recession, so that it is probably obtaining a faster improvement in productivity as output rises. On the other hand the average indebtedness of the Finnish companies is much higher and interest charges make deeper inroads into net profits. Roughly 10 per cent of the sales incomes of the Finnish companies now goes to meet interest payments compared with some 4 to 5 per cent of turnover in the Swedish companies.

Their heavier liabilities are one good reason why Finnish company executives voice even more clearly than their Swedish and Norwegian colleagues the fear that the present recovery in the pulp, paper and board markets may not last long enough for them to be able to consolidate their shattered finances and raise the investment capital needed to keep their mills competitive in the late 1980s and 1990s.

This is a generalisation which does not apply to all the Nordic companies. The largest of them, Svenska Cellulosa (SCA) for instance, stands firm on good earnings from its power stations, successful diversification into consumer products, a reasonably profitable product mix and some strategic downmarket investments which appear to be paying off. It is planning a SKr 1bn investment programme cautiously spaced over the next few years.

Stora Kopparberg, having disposed of its loss-making steel business, is in an aggressive mood with plans for investments in new magazine paper and lightweight coated paper plants. However, the latter project will be delayed because of an agreement with Kaukas, one of the Finnish companies which weathered the recession most successfully precisely because of the timing of its earlier LWC investment. It had started building a second LWC machine.

The agreement, under which Stora Kopparberg will take 8 per cent equity stake in Kaukas, is widely regarded in the industry as signposting further mergers and co-operation agreements, even across national borders, as the Nordic companies build up their defences for the competition on the West European market with the North American mills and in the longer term with new developing country producers.

The immediate threat is seen as coming from the mills in the southern states of the U.S. These can still tap unexploited forests and have lower labour costs which means that they enjoy wood pulp prices up to 50 per cent lower than those paid by the Nordic mills. The question is whether the weaker Nordic companies will be able to mobilise the capital they need to invest in the larger, more profitable plants and the new products they will need to meet this challenge.

Some of the most nervous watchers of U.S. economic trends are to be found these days in the boardrooms of the Nordic pulp and paper companies. A setback to the U.S. economy, accompanied by a fall in domestic demand for pulp and paper, would it is feared set off a heightened flow of pulp, paper and board products across the Atlantic, depressing prices on the west European market and smothering the profit recovery which has just started in the Nordic industry.

## Profit

The Nordic mills, some analysts say, need at least two good profit years to get back into the battle. Even then their ability to compete would depend on the success of government measures to keep down the relative unit costs of manufacturing industries in the three countries and on the stability of the U.S. dollar on world exchange markets. All market pulp and a large percentage of paper prices are quoted in U.S. dollars—the fall in the dollar rate has therefore depressed the Nordic mills' earnings at the same time as it has boosted the American mills' exports.

The Swedish mills face a wood shortage in the autumn due principally to the lowering of wood prices agreed last year and the reluctance of farmers and other private forest owners to fell timber. The liberal minority Government has tabled in Parliament proposals for subsidies and tax amendments to stimulate fellings. In addition to its short-term aspect, the situation illustrates a fundamental problem for the Nordic pulp and paper industry as a whole—its reliance on a relatively restricted, slow-growing raw material source, in which prices are kept high by high wage levels and the social aspiration of giving farmers incomes comparable with those of industrial workers.

Jaakko Pöyry, the Finn who owns the world's leading forest industry consultant company, recently argued that, since the Nordic mills can always reckon with high wood costs, they must switch to products, in which the wood content is exploited to the maximum, such as wood-containing printing papers or, less certainly, fine papers.

But, Pöyry warned, in expanding these qualities, the Nordic companies would have to be careful not to arouse hostility among producers in the EEC countries and would have to watch international price developments in timing their investments.

Some Swedish company executives are reviving the theme of greater integration of the Nordic and European industries which were banded about six and seven years ago. This pre-supposes a more encouraging attitude from the Swedish authorities to foreign investment in Sweden and the availability of investment capital in both areas.

A dissenting note to the argument that the Nordic mills should go in for paper products entailing a higher degree of processing came recently from Arild Holland, the managing director of the Norwegian Pulp and Paper Association. More processing would entail higher costs through a greater use of labour, capital and intermediate products and would not necessarily bring a higher return on investments in countries with high wage levels, he said.

In Norway, the junior of the three Nordic pulp, paper and board manufacturing countries, four companies have joined to build a new 250,000-tonne sulphate pulp mill to replace five smaller sulphite pulp mills, while three companies are investing in new newsprint machines which should raise annual capacity by about 300,000 tonnes in the beginning of the 1980s.

**William Dullforce**
*Nordic Correspondent*

# Changes in the packaging sector

HAVING EMERGED from a period of market change and competition from "non-traditional" materials — particularly plastics — the packaging papers and board industry is now gearing itself up for new challenges in the use of materials and conservatism of resources.

The past performance — and the future — of the packaging papers and board sector is closely linked to developments in the packaging industry as a whole.

The industry has now recovered from the dramatic slump of 1975 which followed the oil crisis and the general economic recession with most individual packaging materials regaining or, in some cases, passing the sales records set in the consumer boom of 1973-74.

Nevertheless, the structure of the industry has changed as a result of the advent of new packaging materials, notably plastics and growth within the industry has been uneven.

In the paper and boards sector, development has been mixed with certain media—notably folding cartons and fiberboard cases—making good progress despite competition mainly from plastic shrinkwrap.

In contrast, most of the flexible pulp-based packaging materials have failed to withstand increasing competition from plastic film and laminates, although it is arguable that some form of equilibrium has now been reached.

The progress of the paper and board sector in the British packaging market—valued at about £4.1bn last year—was analysed by Rowena Mills in the Economist Intelligence Unit special report on *Packaging in the 1980s*, published in March.

That report showed the relative stability of the market for carton boards against a continuing decline in the use of paper for packing and wrapping and, to a lesser extent, the market for paper sacks.

The increasing use of thinner plastic wrappings in the place of cartons has placed a heavier demand on the case for the carton's rigidity gave some protection to the merchandise which plastic cannot easily match.

Despite the incursion of plastics into the market, therefore, there will be a steady demand for the traditional carton in many applications. It is difficult to find a substitute where ease of handling, stacking and all round protection are required.

The folding carton sector has in fact kept pace with growth in the industry in general. In 1977, carton-board consumption was about 580,000 tons in the UK, some 4 per cent higher than in 1970. The sales of folding cartons in 1977 in the UK were valued at £381m.

Food, drink and tobacco still account for over half the usage of folding cartons although there has been some decline in recent years in carton usage by the tobacco industry.

Competition has come mainly from flexible plastic materials including shrinkwrap, laminates and rigid plastics and has hit the carton market catering for the beverage industry, bakery goods, dried foods, footwear and clothing hardest.

In this sector, as in other paper and board sectors, the dominant trends in the future are likely to be in the mixed use of materials to meet specific merchandise requirements.

The development of ovenboard—as a substitute for aluminium foil—is likely to provide a major growth area if the forecast increase in microwave cooking materialises. Other potential growth areas include substitution for the traditional glass milk container and further progress against glass and other rigid containers in the dry food field.

It is also likely that carton board, in common with other paper and board packaging materials, may benefit from a further narrowing of the price differential with plastics.

At the other end of the sector the market for the paper bags, carrier bags and paper wrappings has declined steadily since the war although the quadrupling of oil prices in 1973-74 produced a short-lived revival.

In the UK, sales of paper and carrier bags have slipped from 137,000 tons in 1972 to 101,000 tons in 1976, although sales have remained stable in the past three years. Competition in this sector has been intense and has come principally from plastic film of all types and cellulose film.

Despite the recent development of metallised paper together with the use of paper overwraps may counteract the expected continuing decline in pressure for package recycling this sector. Environmental may also play an important role in slowing any further decline.

In a paper presented to the current Macropak International Packaging Congress Mr. Frank Paine, director of the packaging division of PIRA, the Research Association for the Paper and Board, Printing and Packaging Industries, argues that a major future need will be to develop packaging using all media to their best advantage, that is both economic and combining the functions of protection, selling and convenience.

## Trend

This will inevitably lead to more composite packaging involving, for example, the use of plastics and paper, plastics and metals, and plastics and glass.

Another trend identified by Mr. Paine is the growing influence of the environmental groups on packaging. He suggests four basic demands which have been made by anti-pollution groups; stopping excessive packaging, prohibiting some non-returnable containers, removing all luxury packaging and prohibiting the use of "scarce" materials in packaging.

These demands have led to the formation of the Packaging Council to draw up a code of practice for the packaging of retail products. Environmental pressure, together with the need to make efficient use of raw materials, is also expected to lead to much wider use of recycled paper in packaging products.

Since, in general terms, growth in the packaging industry is expected to slow in the 1980s, efficient use of raw materials could become a major factor in deciding what forms of materials are used.

The recycling of waste paper could provide the paper and board sector with an important cost edge over competing materials.

Many of those most closely involved with the sector in Britain argue that some sort of rough equilibrium between competing plastics, paper and boards has been reached. This equilibrium depends upon a number of factors including price levels, the availability of funds for new investment, market trends and technological development.

There is already evidence that the growth in the use of plastics may be slowing in the UK and elsewhere. In Germany, the rate of growth of plastics has already slowed considerably and in Japan the tonnage has been relatively static for some time.

This suggests that the paper and board sector of the industry may have come through the toughest phase of competition with plastics for existing markets and that the future competition will be over packaging for new merchandise. Technical developments could play an important role in deciding the role of various packaging media in the future.

The two key developments in the papers and board sector are ovenboard and metallised papers. Both invoke the potential for mixing packaging media to meet a specific demand.

The paper and board sector of the packaging industry has begun to respond to the changing needs of the consumer society — through technical developments marrying different materials and through a greater use of recycled fibre.

In the longer term, the future of the paper and board sector will depend on the trend in raw material prices. The use of increased amounts of recycled fibre will meet both the demands of the environmental lobby and help stabilise prices.

**Paul Taylor**

**PAPER & BOARD MAKING CAPACITY COMPARISONS**


Source: British Paper and Board Industry Federation (BPIF)

# Recovery

CONTINUED FROM PREVIOUS PAGE

from larger units more severely than in the past.

These pressures will raise the double questions of how European governments will regard competition from their "traditional" suppliers in Scandinavia and what attitude they will take towards protection of their own industries.

On the one hand, the Europeans certainly will not wish such a major part of Scandinavian industry to continue labouring unprofitably because the disruptive effects would extend throughout Europe. The recent government rescue of the two Swedish farmers' co-operatives, Södra and NCB, for example, may lead to fears that new projects would be undertaken which could not be profitable without state funds. Europeans might regard this as unfair competition with their domestic producers.

Any large scale state intervention in Scandinavia, particularly if it led to the construction of big new mills, would therefore be likely to lead to retaliation or similar state subsidies in the EEC.

The difficulties of the industry have already forced the French Government to consider the provision of substantial funds to promote a reorganisation of its industry into two major groupings. Although the plan appears now to be in abeyance, there is little doubt that it could be revived.

In the UK, where £23m has already been allocated for modernising the industry, the possibility of a very large subsidy is now being discussed for a new newsprint mill in Fort William, Scotland, a project which would almost certainly be unviable without government help.

In Belgium, a recent EEC study has underlined the strategic disadvantages of the domestic industry compared with competitors in Canada and Scandinavia.

The danger, most clearly articulated by Mr. Tom Corrigan, managing director of Inveresk is that low profitability will invite state subsidy throughout Europe. This would tend to emphasise the need for saving jobs by keeping up production and exporting at relatively low prices. Profitability would then be further depressed as each country tried to export surplus capacity to its neighbours. This tendency has already been evident in the market for linerboards, in some grades of fine papers and in tissues.

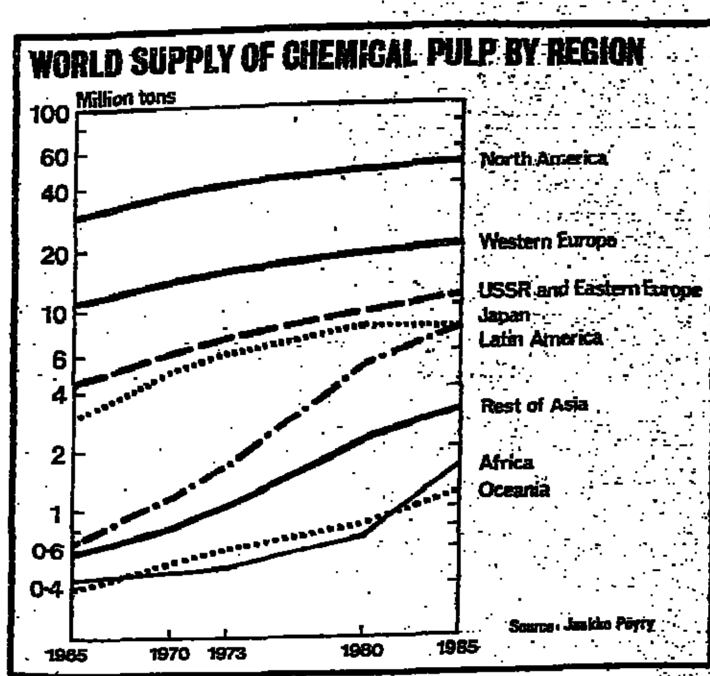
It would, therefore be very desirable, for the industry as a whole, if the commissioning of new capacity could be restrained at least to something like the expected increases in consumption.

Lack of funds for new capital projects will clearly act as a brake, but beyond that, the difficulties of guessing what future demand will be and of reaching some kind of consensus about where new capacity should be located are formidable, if not insurmountable.

Against this background, it seems likely that the part played by U.S. and Canadian competition in Europe will come under increasing scrutiny, and if the present slow recovery should fail to continue, demands for new protectionist measures could become quite strident.


How long can Swedish forests supply raw materials to industry?
Forever!
In the long term, the Swedish forests will yield at least the same volume of wood resource as they do today. This means 75 million cubic metres each year—a quantity in balance with the Swedish forest industrys' present capacity. The Swedish forests are constantly renewable and our greatest natural resource, so we Swedes keep them producing by taking good care of them.
We secure forest growth and output and by intensive forest management and silviculture—measures include more consistent planning, cleaning and thinning, fertilization of mean age and older forests, systematic breeding of selected trees with good genetic characteristics for growing in seedling nurseries, and the production of high yielding seeds. In addition, stump grubbing will increasingly ensure improved utilization of every sound tree felled.
The programme will also include further development of manufacturing processes in order to utilize every cubic metre to its fullest extent.
Over the long term, Sweden can continue to make its usual contribution to supplying the international market with the pulp and paper products and the sawn and planed timber the market needs.
Swedish Forestry and the Forest Industry
This advertisment is brought to you by: The Swedish Forest Service (Domanverket), Fiskeby AB, Holmens Bruk AB, AB Iggesunds Bruk, Korsnas-Marma AB, Mo och Domsjo AB, AB Statens Skogsindustrier (ASSI), Stora Kopparbergs Bergslags AB, Svenska Cellulosa Aktiebolaget SCA, Sodra Skogsagarna AB, Vanerskog AB.

# Relief for European pulp producers




THE RECOVERY of the European pulp market and the increase of prices at the beginning of the year has brought a welcome relief but certainly no permanent cure for the ills which have been suffered by the major producers.

In Sweden, the price increases and the improvement in operating ratios have come too late to save the large farmers' co-operatives, NCB and Sodra from the need for a major Government rescue operation.

In Finland, Kemi has needed Government funds to keep it going. Even the stronger companies in Sweden have needed the help of Government guarantees to raise money to fill the gap between the operating losses of the last two years and the cash they now need for even a moderate programme of capital investment. The Scandinavian producers' decided to increase the price per tonne of bleached chemical pulp to $410 at the beginning of the year and then to $435 on April 1. This compares with prices between $300 and $330 at the end of 1977.

The larger, more efficient mills will, as a result move back into profit provided they can maintain operating ratios of 80 to 85 per cent compared with the disastrous levels of around 70 per cent in 1977.

For this year, anyway, the outlook appears, if not good, at least tolerable for the Scandinavian and European pulp producers. Supply and demand have reached a somewhat precarious balance, and the competition from cheap North American supplies appears to have receded, for the present at least, because of high demand from U.S. papermakers.

However, the recovery rests on a delicate equilibrium between international factors and a change in any one of them could badly upset the balance. First comes the European demand for paper and board, which determines the market for pulp. This has been gradually improving at the rate of about 3 per cent a year. A further big increase in oil prices, or some other perturbation of the developed economies, could reduce this growth and lead to destocking by the paper makers as happened in 1975-76.

Secondly, the pulp market in Europe is highly sensitive to comparatively small changes in the health of the U.S. economy. Most obvious is the effect of the value of the dollar against other currencies

Since the Americans can produce pulp more cheaply than Scandinavian and European mills, the dollar price of pulp dominates the world market. The fall in the value of the dollar has therefore seriously eroded the profitability of producers on the eastern side of the Atlantic.

The general health of the U.S. economy also determines the amount of pulp which is supplied to U.S. paper makers and hence how much is available for export.

During times of full demand, like most of last year, U.S. paper makers are buying all the pulp they can find, but in any downturn the pulp producers start to look more aggressively towards the European market to try and keep their plants fully loaded. Full production is then more important to them than the price obtained for marginal export quantities.

The improvement of the European market has come at a time when the Americans appear happy to allow the international price to drift upwards. However, doubts are already being expressed about whether the Scandinavians can sustain even the present price let alone a further increase.

In the slightly longer term, Scandinavian and European producers are faced with competition from the Southern States of the U.S. where considerable extra capacity is now planned to take advantage of the abundant supplies of cheap wood, and the advantages of relatively cheap non-unionised labour.

Mr. Carl Landegger, chairman of Parsons and Whittemore of the U.S., the worlds largest supplier of pulp to the open market (market pulp), estimates the additional market pulp capacity in the U.S. between 1979 and 1982 will be 400,000 tons a year. The total increase in pulp production including that required for companies' own integrated paper mills is expected to be 4m tons in the period.

In the same period he expects the increase in Canada to be 100,000 tons a year. The increase in Scandinavia, he expects to be only about 50,000 tons, and this may not come onto the open market if it is consumed in integrated paper mills.

Total world pulp capacity is expected by consultants Jaakko Pöyry to increase by about 35m tonnes in the decade 1975 to 1985. About 26m tonnes is expected to be in chemical wood pulps. North America accounts for just under half the world's total capacity.

## Reason

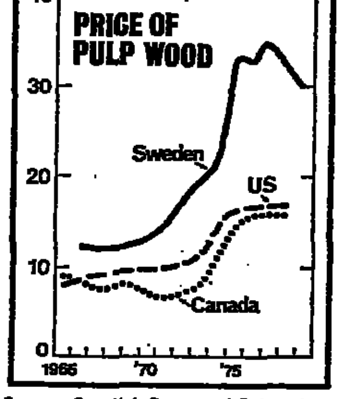
Mr. Landegger believes that additional demand for pulp in Europe will be satisfied mainly by supplies from the Southern States of the U.S. and to some extent from Canada. This will tend to give the Americans even more leverage over the price in Europe and make any protectionist measures difficult to achieve. As long as European demand keeps pace with the extra capacity now being built, the results are unlikely to be too serious for local producers—and the Food and Agriculture Organisation (FAO) is indeed predicting that an extra 1m tonnes of pulp will be required by 1980 compared with 1973 and an extra 2.9m tonnes by 1990.

These forecasts are, however, considered to be too optimistic by some observers, and a shortfall in demand could lead to serious difficulties in Europe.

One reason for the instability of the pulp market at present is that, as happened in the steel and shipbuilding industries, the size of each new production unit has become enormous. To be economically competitive a modern sulphate pulp mill must have a capacity of about 350,000 tonnes a year and its cost may be $350m to $400m. Any new pulp mill, therefore, throws an enormous extra tonnage onto the world market.

Moreover, once such a major investment has been made, it becomes highly desirable to keep the plant operating as near to full capacity as possible, even if this means reducing prices.

When it it considered that the total North American and Western European pulping capacity for market pulp (as opposed to pulp fed straight into integrated paper mills) is about 18m tonnes, a single new mill can add 2 per cent to the total capacity. This could be a large part of the annual growth in the Western world.




Source: Swedish Paper and Pulpmakers' Union.

To the increases in capacity expected in the southern US, must be added the longer term prospects that Brazil and possibly the USSR will become major suppliers of market pulp.

In Brazil, recent progress has been slower than was expected a few years ago for several reasons: the poor international markets for pulp, increasing capital cost of mills, difficulties in providing the necessary infrastructure. And some doubts about the ecology of forestry in Brazil have contributed to a more cautious approach.

Moreover, pulp mills employ relatively few people compared with the investment needed and are relatively modest earners of foreign currency.

For all these reasons, the export target for Brazilian pulp has been lowered by the Government from a projected 2m tonnes by 1980 to only 740,000 tonnes. However, in the decade up to 1977, Brazilian woodpulp production increased from about 700,000 tonnes to just over 2m tonnes and forestry plantations comfortably exceeded the total area of forest in the UK including the unproductive forests.

The enormous potential of Brazil is illustrated by a neat statistic quoted in the magazine, *Paper*, by R. M. Cummings, lecturer in paper technology at Robert Gordon's Institute of Technology, Aberdeen. He says that if pulp made from the fast growing eucalyptus tree could meet world demand, only 2 per cent of Brazil's land area could satisfy the world requirements. Even the slower growing pine can be harvested in 16 years compared with anything between 50 and 100 years in Scandinavia.

Although the increase in Brazilian pulp on the open market is likely to be slower than was once thought there seems little doubt that it will become a significant factor, particularly as paper technology advances are allowing the inclusion of more short-fibred pulps, like that from eucalyptus, at the expense of the more expensive long fibres from northern pine.

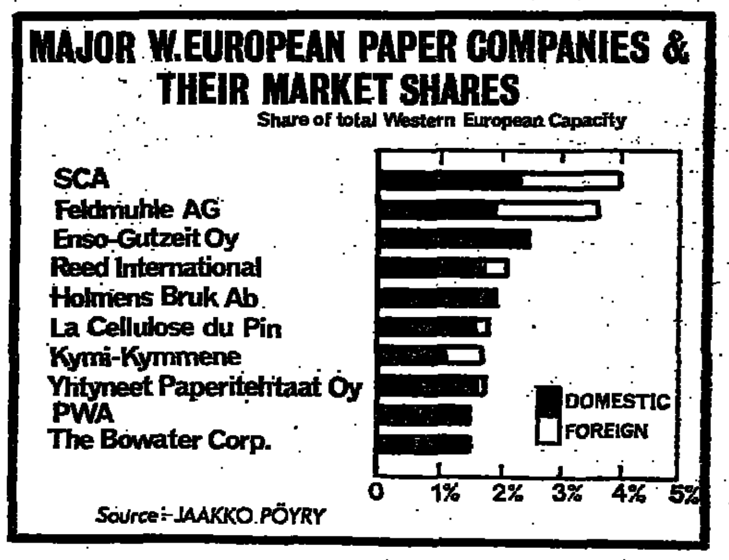
The prospect that the USSR may become a significant supplier of market pulp is much more enigmatic. It has the largest reserves of softwood in the world, some of the largest pulp mills, some of which are planned to have outputs approaching 1m tonnes a year.

The strategic disadvantages in Russia are the slow growing rates of Siberian trees and the very long distances over which pulp and wood must be transported. Mr. Landegger, whose company has supplied much of the equipment for the latest projects in the USSR, states categorically that the country is not intending to become a major supplier of pulp on the open market. However, in a planned economy, almost anything is possible.

The general outlook for the smaller old-fashioned pulp mills in Europe and Scandinavia is therefore fairly bleak. The announcement that Wiggins Teape may have to close its sulphite mill at Fort William, Scotland, is just one indication of a trend.

The larger Scandinavian mills supplying high quality pulp will clearly survive. Governments could in any case not afford to allow them to close. But it seems clear that there will be a further impetus towards forward integration into paper making if and when the market allows. In France and Germany, competitive pressure on pulp makers is likely to be the strong and sustained. The question of how much governments and the EEC will be prepared to protect home industries is still very much an open one.

**Max Wilkinson**






# Need for new technology

INVESTMENT IN the pulp and paper industry across the Western World tends to follow the pattern of trade—which is largely the reason for the notoriously cyclical nature of the industry.

Investment for whatever purpose—completely new capacity, modernisation and expansion, energy conservation, takeovers and so on—whether by individual companies, financial institutions or Governments, almost invariably take place when demand is good, when profits are being made and when all seems right with the world.

Unfortunately, by the time financial decisions are translated into hardware, the market situation has very often completely changed. Demand has fallen, operating ratios have been cut back, profits are uncertain, and in addition the market is faced with a considerable volume of new capacity it does not need. All this makes for a depression, which continues until demand again catches up with the supply available.

## Misfortune

Indeed, it has long been the misfortune of the pulp and paper industry that it has been unable to match its investment with the market need, in many cases resulting in a financial return unacceptable in other industries.

This situation does not, of course, apply to large areas of Eastern Europe and China, which in terms of the pulp and paper industry are largely underdeveloped and where the profit motive as understood in the west seems not to apply. In the USSR, for example, total pulp and paper production is running at an annual rate of 8-9m tonnes for a population roughly equal to the United States, which last year produced 63.5m tonnes.

In the west, outside the U.S., the industry last year started to recover from one of its periodic depressions, certainly the worst since 1945. Vast sums of money were lost. Numerous plants were closed and governments spent many millions of pounds in propping up ailing companies for political and/or social reasons.

However, with demand again moving up, and expected to continue to do so at least for the rest of this year, companies throughout the EEC, Scandinavia and Finland have once again started to invest huge sums in new mills, and especially in modernisation and expansion projects designed to reduce energy and water consumption unit costs, improve profitability and increase their ability to compete on world markets — pulp and paper is essentially a highly capital intensive international business.

The United States industry, the world's biggest, also has its ups and downs, but the last recession was nowhere near as prolonged or as deep as in Western Europe. In fact, last year the industry's production was a record, and its capital investment was more than $3bn, a figure likely to be exceeded in 1979.

Behind this worldwide picture of investment—some would call it a recipe for disaster—stands the pulp and paper machinery manufacturing industry, itself highly complex and international. All the principal manufacturers rely heavily on exports. In their turn, the major machinery manufacturing companies in the west (North America 3, Finland 3, Sweden 2, West Germany 4, France 1, UK 3, Italy 3, Spain 1, Belgium 1) rely heavily on a vast number of smaller engineering concerns which specialise in components ranging from nuts and bolts to sophisticated electronics.

The ability of pulp and paper machinery manufacturers to make money and thus provide capital for investment in new plant—and many have spent millions on sophisticated tools of one sort or another—has in the past largely depended on the pulp and paper industry in the highly industrialised west. No doubt this dependence will continue, but in recent years the machinery manufacturers have extended their operation to the underdeveloped countries of South America, Africa and the Far East. Many have also been highly successful in Eastern Europe, but the trend there is more of a temporary nature as these countries build up their own pulp and paper machinery industry.

## Advances

There is, of course, the possibility of the development of really new technical processes of manufacture, and it is perhaps, part of the pulp and paper industry's strength—and weakness—that after more than a century it still operates methods of production unchanged in principle since the day they were invented.

Enormous advances in technology and size have, of course, been made over the years, and many of the world's machinery makers have introduced what they describe as "new technology," but with one exception—the dry forming process still to be developed for general commercial operations — all other systems still rely on water as the vehicle for transporting the fibres to the following sections, which use substantial quantities of energy to take it out. The solution in so far as the manufacture of pulps is concerned is little different.

Where there has been considerable development, especially during the last few years, is in the field of control of the various processes, and sometimes of the machines themselves, by computers. Leaders in this field are undoubtedly the Americans, who initially adapted the sophisticated electronics used in the space programme to the control of pulp and paper machinery.

Most machines are now controlled by computers, which has led not only to a more consistently stable product but also to substantial savings in steam (energy) and fibres, which are becoming increasingly more expensive.

An indication of the trend is provided by one American concern which has developed a giant computer at its Columbus, Ohio, headquarters capable of controlling individual computers on machines virtually anywhere they happen to be installed. Certainly the technology is available, but for computers to span oceans and continents involves governments and the necessary agreements appear to be a long way off.

With a continuing demand for paper products throughout the world, which increase by anything up to 4 per cent per year, the pulp and paper industry is assured of a market, while the machinery manufacturers are clearly able to provide the necessary plant.

The future, however, is not as bright as these two facts suggest. Pulp and paper makers must solve the continuing problem of overcapacity and the machinery manufacturers, if they are to expand and flourish, the problem of cost of capital equipment. Today, in broad terms, the cost of a paper machine and all the necessary ancillary equipment is so large that few firms are even able to contemplate the necessary investment without state aid.

**Eric Haylock**
*Editor Paper*

# Surge in profits for Canadian producers

THE CANADIAN forest products industry came through 1978 buoyed up by strong demand in its principal market, the U.S., and by exchange gains from the devalued Canadian dollar.

The trend has continued into the first and second quarters this year, and, except for the lumber side, operating rates have reached capacity.

The outlook for the rest of this year must depend on the course of the American economy. Some overseas markets will continue strong. Newsprint prices, up in the first quarter, are not likely to move up again till year-end or early in 1980.

Pulp prices are strong and may rise again later in the year. The enormous overhang in inventory of early 1978 has been worked off and stocks are now normal or even low in some areas. The higher pulp prices will put upward pressure on costs of fine paper producers. Lumber demand has remained remarkably strong, but the signposts point strongly now to a drop of 15 to 20 per cent in U.S. housing starts in 1979.

The immediate shadow over the industry is the possibility of a strike on the West Coast. This would crimp supplies, particularly of newsprint and some grades of pulp, in a market already showing some signs of shortages.

The resurgence of profits in the 1978 and the first quarter of 1979 has been remarkable. Some producers in the first quarter trebled their earnings from a year earlier.

But besides greater productivity through high operating rates, a large proportion of the gains in earnings came from exchange on sales in the biggest market of all—the U.S./Canadian companies sell in U.S. dollar terms.

The Canadia dollar averaged 87.79 cents (U.S.) last year, after dipping at one point to below 83 cents (U.S.). This spring, the rate moved up over 87 cents (U.S.) in the industry, it is widely expected the average will be about 86 cents for all 1979 and the rate should move up to an average of about 90 cents in 1980.

## Expansion

Some companies in Western Canada, particularly, have committed themselves or have actually started expansion of pulp-mills and installations of new newsprint machines. Macmillan Bloedel has begun a $160m programme, including a new machine, on Vancouver Island, Northwood Pulp (Noranda Mines and Mead Corpn.) plans a $150m pulp mill expansion, and British Colombia Forest Products (also controlled by Noranda and Mead) will almost certainly go ahead with a new newsprint machine at Crofton at a cost of $140m.

In the east, major expansions are less obvious, but the resurgance of profitability makes it possible to get ahead with detailed planning. The cycle of expansion in east and west is not necessarily the same. The western companies refused to invest for several years when the new Democrat government of former Premier Dave Barrett, of British Columbia, brought about extreme uncertainty in all the resource industries. The climate has been improved by the Government of Premier Bill Bennett.

Many of the companies in the West are fully-integrated producers of pulp and paper, lumber and plywood, and the trend to integration and larger units has spread in the East as well. Some smaller companies, such as Kruger Pulp and Paper, Montreal, with tissue mills in Europe and Venezuela, as well as newsprint and' paper products plants in Quebec, are activeiy looking for acquisitions.

In Quebec, the main event has been the remarkably smooth start-up of the large Kraft Pulp Mill at St. Felicien, north of Quebec city.

The strength of demand from the U.S. has surprised most newsprint producers. This can be broadly attributed to a resurgence of newspaper advertising, the success of smaller newspaper, and the growth of non-newspaper uses for newsprint.

Newspaper circulations are up and there has been a rash of new Sunday papers appearing in North America. Overall, this brought about a gain in demand of 6.2 per cent in the U.S. in 1978, or well above the normal long-term trend line of 4 to 5 per cent. The market is expected to grow a shade under 3 per cent this year.

In market pulp, the gain in prices on strong demand will be between $70 and $100 (U.S.) in 1979 over 1978, it is estimated.

Against this background, the Canadian mills will operate at over 95 per cent of rated capacity again this year. The price environment should be favourable.

A U.S. recession in the second half would halt the growth in demand, but the industry is hopeful at this point that it would be brief and demand would resume its upward course in 1980.

This will mean relatively high profits should continue this year, though there may be some slowing down towards the end of 1979 and in early 1980 as costs continue to rise—both of materials and labour.

## Influence

The influence of exchange gains on the industry's profits are quite drastic, especially for some of the biggest newsprint producers. In 1978, Abitibi Paper Ltd., the largest newsprint producer in the world, now including the price co. mills, attributed 53 per cent of its earnings to exchange gains. It may well be higher this year.

For B.C. forest products the figure was 36 per cent last year and will probably be higher this year. Consolidated-Bathurst last year showed a figure of 44 per cent, though it may be lower this year. The company is a large packaging and lumber producer also.

For Domtar, with mills in the east, but more diversified with large building products and chemical divisions, the figure was 31 per cent last year.

Macmillan-Bloedel, the biggest forest products firm in Canada, attributed 43 per cent of its earnings last year to exchange gains, and it may be higher this year.

The vulnerability of the industry to the course of the Canadian dollar is obvious. It is an added hazard in an industry which reacts so quickly to the general economic cycle in North America. It also explains to some extent the wariness of investors towards the producers' shares.

Generally stock prices have remained relatively low, and this is the main reason for the rash of takeover attempts in the industry in the past year—besides the enormous cost of new facilities.

Many of the companies in the West are fully-integrated producers of pulp and paper, lumber and plywood, and the trend to integration and larger units has spread in the East, as well.

Some smaller compaines, such as Kruger Pulp and Paper, Montreal, with tissue mills in Europe and Venezuela, as well as newsprint and paper-products plants in Quebec, are actively looking for acquisitions.

In Quebec, the main event has been the remarkably smooth start-up of the big pulp mill at St. Felicien, north of Quebec City.

The strength of demand from the U.S. has surprised most newsprint producers. This can be broadly attributed to a resurgence of newspaper advertising, the success of smaller newspapers, and the growth of non-newspaper uses for newsprint.

Newspaper circulations are up and there has been a rash of new Sunday papers appearing in North America. Overall, this brought about a gain in demand of 6.2 per cent in the U.S. in 1978, or well above the normal long-term trend line of 4 to 5 per cent. The market is expected to grow a shade under 3 per cent this year.

In market pulp, the gain in prices on strong demand will be between $70m and $100m. In 1979 over 1978, it is estimated.

Against this background, the Canadian mills will operate at well over 95 per cent of rated capacity again this year—a bring labour problems—and the price environment should be favourable. A U.S. recession in the second half would halt the growth in demand, but industry is hopeful at this point that it would be brief and demand would resume its upward course in 1980.

As a result of that, Canadian Pacific retains its 13 per cent ownership of Macmillan, and Domtar no longer is effectively controlled by Argus Corp., of Toronto.

**R. G. Gibbens**

# U.S. sales are heading for another record

HAVING ESTABLISHED record sales and earnings in 1978, U.S. paper and forest products companies appear to be sailing through 1979 at an even better clip.

By and large, the industry has been able to hold increases in linerboard and newsprint introduced during the first quarter and, with the prospects of a recession receding, most companies are expecting even better profits this year.

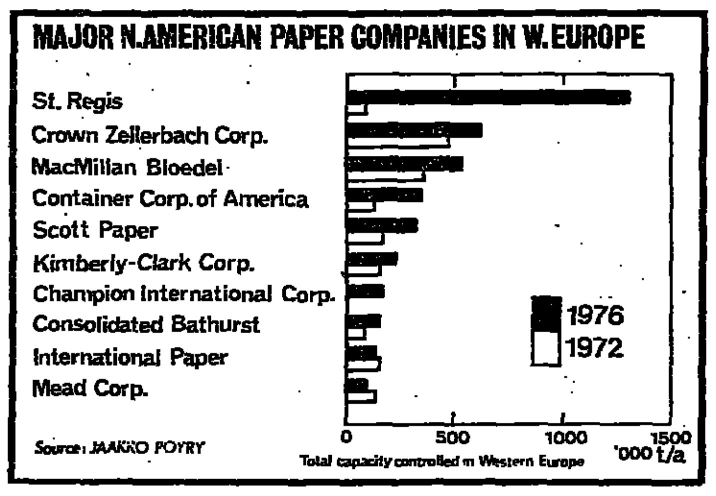
As a substantial consumer of energy, the industry will certainly need continued strength in the operating environment in order to absorb the impact of oil price increases. Of almost paramount importance is the continued ability to hold price increases which have been introduced in the last few months.

In the 12 months, from January, 1978, to January, 1979, East Coast newsprint manufacturers were able to push up the price per ton by 4.9 per cent and on the West Coast, by 6.7 per cent, having secured no increase in the previous year.

Similarly, printing and writing paper prices climbed between 7 and 12 per cent, paperboard rose 15.8 per cent, after falling in price the previous year, and domestic kraft softwood cost 13.3 per cent more, after decreasing in price in 1977.

With plants operating at upwards of 90 per cent of capacity, many companies were able to cope with a rash of labour strikes, settlements of civil class-action suits running in one case as high as $42m and were still able to register 20 per cent and more increases in net profits.

West Coast companies such as Crown Zellerbach and Boise Cascade were particularly hard hit by long strikes over the terms of new three-year contracts which will this year be an added pressure on their costs. Nevertheless, there was no earnings decline at either company last year and projections by Wall Street analysts suggest that Crown Zellerbach's net earnings will rise from $4.39 per share to $5.80 in 1979 and Boise Cascade, which is more a forest products producer than a paper manufacturer, from $5.02 to $5.50.




Net sales of the 32 major companies—which account for about 65 per cent of the paper industry's total sales—rose 12.7 per cent to $33bn last year and their earnings, before adjustment for extraordinary charges, were up 18 per cent.

Aggregate earnings of companies comprising the Standard and Poor's paper index are expected to rise from $29.30 per share to $34 per share in 1979.

But it is still too early to say whether paper production will match the record 61.5m tons of 1978, which was 3 per cent higher than the year before and 2.7 per cent above the previous record set in 1973.

According to the American Paper Institute, consumption of paper rose by 5.1 per cent from 1977, notably more than the 4 per cent increase in Gross National Product which is the industry's usual touchstone of performance.

Listing the "positive influences" which are still having an impact on the industry, Mr. Louis F. Laun, president of the American Paper Institute, recently pointed to "a continuing shift from broadcasting to print media in advertising, increased paper needs related to growth in computer usage, particularly in mini-computers, and increases in demand for corrugated shipping containers."

Many analysts expect domestic production of paper and paperboard to maintain last year's faster than GNP growth. They argue that inventory levels were severely depleted by the west coast strikes and will have to be rebuilt while exports will be higher and imports lower because of the recent declines in the dollar. Among the various categories of paper, pulp and unbleached brown paper is expected to show a good recovery in prices after two years in the doldrums.

## Prices

Very high inventories caused by overproduction in Scandinavia during a period of weak demand in Europe have now been substantially reduced, and this should have a beneficial effect on prices in the U.S. Forest products, however, look slightly more vulnerable because of their link with hte housing construction cycle. In 1978, housing starts climbed to an historically high 2m units and in the first quarter of this year fell back to an annual rate of around 1.7m.

So far, this vital sector of the economy has proved more robust than many analysts had expected and certainly if the first quarter level is sustained the forest products industry is unlikely to suffer too severe a chill this year.

But lumber and plywood prices, which maintained a four-year trend last year and reached record levels, are expected to weaken with a softening in the new housing market and, as a result, profit margins may come under pressure.

On the positive side, however, should be offsetting reductions in capital gains taxes, bigger harvests from company-owned timberlands and greater profits from export sales of logs.

Both forest products and paper companies are believed to be in better shape to cope with an economic downturn than in 1974-75 when profits tumbled by around 25 per cent.

Balance sheets are generally strong, and the industry has been earning a true return on equity of around 14 per cent. Moreover, for the last three years, it has been able to fund all but about 10 per cent of an annual capital spending bill of $3.25bn from its own resources.

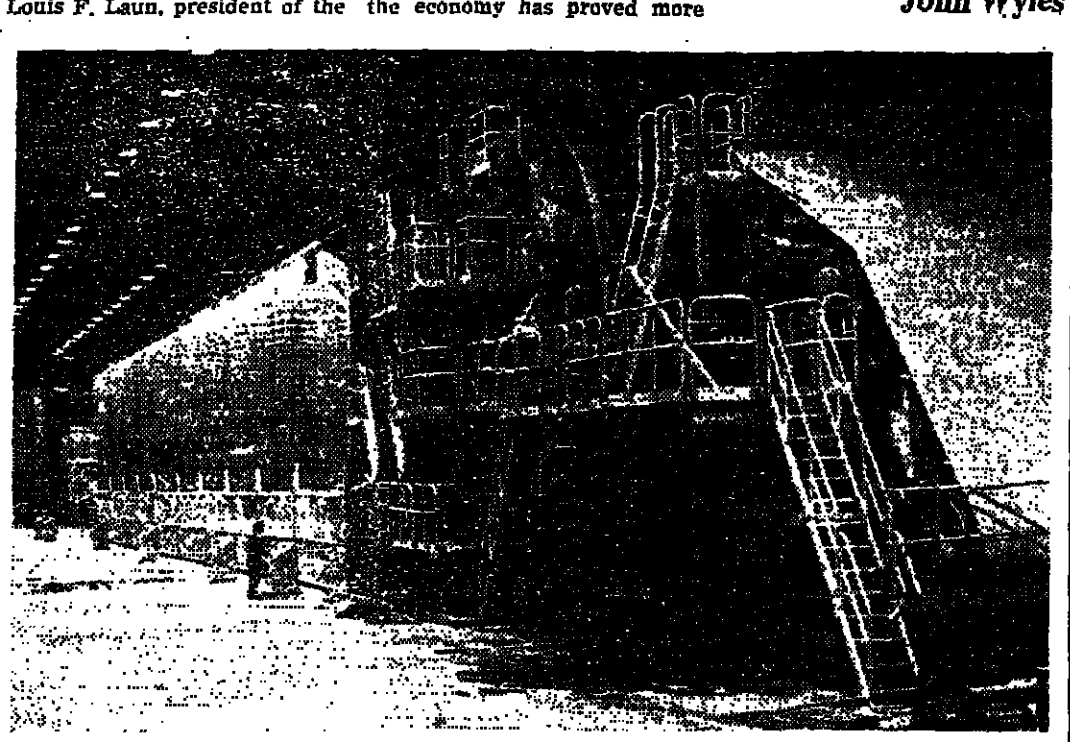
Debt-equity ratios, therefore, are generally healthy and (short of a deep slump) the industry seems to have little to fear from the projected increase in capacity of 2.4 per cent this year and 2.8 per cent in 1980.

With moderate to good prospects, relatively good balance sheets and substantially renewable assets (trees), it is not surprising that paper and forest products companies have been merger targets and have also cast acquisition eyes over each other.

Early last year, Texas Eastern bought Olinkraft for $450m and then Mead Corporation successfully fended off a $1bn merger offer from Occidental Petroleum.

Most recently, Bodcaw, the Dallas-based oil and forest products company, has been snatched from Mobil Oil by International Paper. The irony of this coup, of course, was that IP had previously sold its general crude oil subsidiary to Mobil for $765m after cancelling an earlier sale to Gulf Oil for a lower sum.

**John Wyles**



*This linerboard machine, manufactured by Beloit Walmsley, has a wire width of 400 ins (10.16 metres)—claimed to be the widest of its kind in the world*

# Inroads being made into fine papers market

THE OLD distinction between fine papers made from chemical pulp and the so-called mechanical grades, such as newsprint, are beginning to be blurred with some important consequences for the market and the producers.

Fine papers, including the grades for printing and writing, are made from the long-fibred pulp produced when wood chips are cooked in chemicals, mainly sulphate. They can be bleached to a good whiteness, do not fade, and have a high strength.

Mechanical pulp, on the other hand, is made by the cheaper process of grinding wood between stones. The paper produced has lower quality and turns yellow with age, but is much cheaper to make. It is mainly used, therefore, for newspapers and magazines, whereas fine papers are used for books, brochures and other papers expected to have a longer life.

In the last few years, however, experiments have been made to improve the quality of mechanical papers by various means including the addition of various types of chemical pulps, coating and callendering (polishing between rollers) to produce superior qualities. As a result, it is now possible to produce paper with a high proportion of mechanical pulp which has excellent printing qualities. Discolouration with age may not matter in some applications including computer print out papers and even brochures.

Improvements in printing techniques have, in any case, been able to minimise the effects of ageing. As a result, mechanical papers are beginning to move into markets previously reserved for fine paper-makers, and will probably continue to do so.

In addition, new grades such as lightweight coated (LWC) paper for magazines have been developed and have found a ready market.

The development of thermo-mechanical pulp (TMP) has added a further complexity. It is a compromise between the traditional pulps, in which wood chips are ground mechanically at a high temperature and, in some processes, under steam pressure. The result is a strong fibre which is cheaper than chemical pulp because almost all the original wood is used instead of only about half in a sulphate mill.

However, it does suffer the disadvantage that it yellows with age. Despite favourable initial reactions, the development of TMP has been rather cautious, perhaps because it uses a large amount of energy. Even so, its potentiality for replacing chemical pulps as a strenghtener in newsprint and even for replacing fine papers in some applications, such as computer stationary, seem considerable.

Advances in the science of paper-making itself, suggest that more flexible usage of pulps will be possible in the future. ECC International (English China Clays) forecasts that the growth of mechanical papers in Europe will be about 4 per cent a year up to 1982 compared with 2.5 per cent for coated wood-free papers and 2.8 per cent for uncoated wood-frees.

An example of compromise between woodfree and mechanical paper is a sandwich construction paper being made experimentally by Stora Koppaberg in Sweden among other companies.

## Experiments

A centre layer of mechanical pulp can be covered on either side by layers of chemical pulp. If experiments could be replicated on large high speed mills, this could prove to be an important development particularly if paper can be produced at an acceptably low weight.

Despite these experiments, however, paper manufacture is still broadly divided between newsprint which tends to be made in large mills where pulping and paper-making are integrated into one complex and fine papers, which are made in a very wide variety of mills, a range from large entergrated plants with capacities of perhaps 300,000 tonnes a year to a multitude of smaller machines making small runs of speciality paper and having capacity of 30,000 to 50,000 tonnes a year or even less.

Many of these smaller mills in which the capital costs have long since been writing off, have been able to survive against the much large units in Scandinevia and elsewhere by finding small niches in the market, for example, making high quality art papers or special medical papers. Others have relied on the conservatism of printers which continue to order small quantities of special grades in odd widths, and often the closeness to the customer has been an advantage.

Slowly, however, the emphasis has been changing in favour of the mass production of standard grades of paper, and smaller mills throughout Europe have come under increasing pressure.

Newsprint has for years been essentially an international commodity with a standard price structure (although there continue to be some variations between countries).

Now, in Europe the more common grades of fine paper are beginning to go through the same process. Even relatively small quantities exported from one country to another can have the effect of evening out prices, often in a downward direction.

Since the abolition of tariffs between Britain and the rest of thea EEC, German and French producers have been exporting significant quantities of fine paper to the UK. As a result, the somewhat higher price levels which had prevailed in the UK tended to be reduced last year. The anxiety of the German mills, particularly, to keep running at full capacity, had a particular effect in depressing prices.

Competition can be expected to continue, particularly because of the long term need by Scandinavian companies to protect themselves from U.S. competition in the pulp market by integrating forward into paper production.

The progress towards further integration will be determined by future demand for printing and writing papers as well as by competitive pressures. During the period 1950 to 1973, consumption of printing and writing papers in Europe grew at an average rate of 7 per cent a year to a total of 10m tonnes a year.

The dangers of projecting a growth rate forward were amply demonstrated after the oil crisis in 1975, when demand collapsed to 7m tonnes. Now EEC is predicting a slower growth rate of only 3.3 per cent, but Mr. Peter Graff, of Feldmuhle, takes an even more cautious view. He suggests that demand for fine papers in Europe is following an "S" curve with slower and slower growth, which will eventually turn into zero growth and may even move to a decline after saturation is reached.

His calculations suggest that saturation could be reached as early as the mid 1980's after which no additional capacity would be needed.

Similar calculations suggest that by 1985, the U.S. market for paper and board will have reached 90 per cent of its saturation level and that the world market will have reached 98 per cent of saturation by the year 1990. Even if paper makers are unprepared to accept the gloomy conclusions of Mr. Graff's mathematical model, a strong common sense case may be advanced that electronic methods of communication, using a combination of telephony, television and computers will take over at least some of the functions for which paper is at present required.

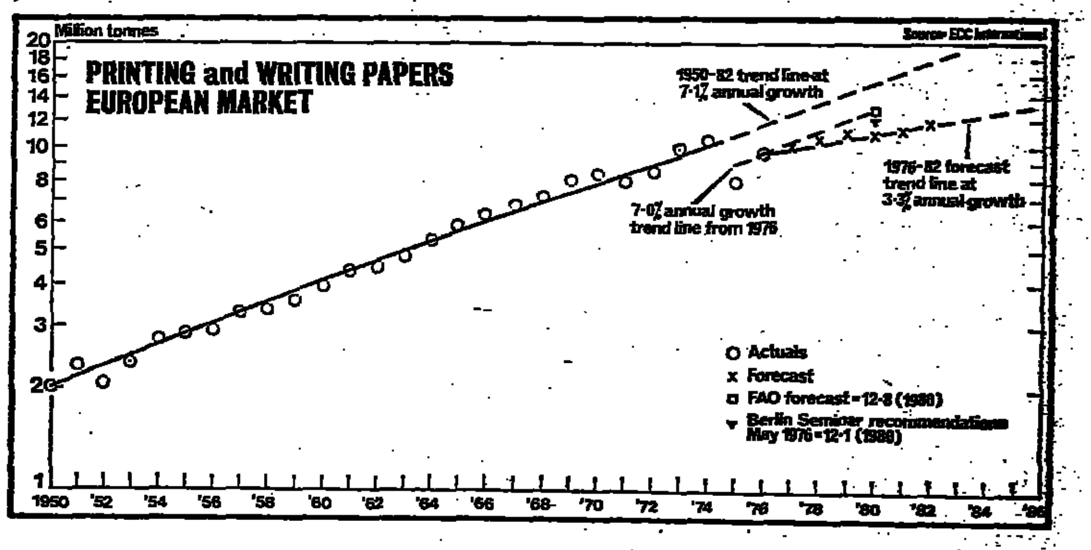
By the end of the century, electronic communications and electronic publishing could, in principle have made major inroads into the market for paper, even though it has to be said, computers have so far tended to stimulate rather than depress the demand for paper.

The next forecast to be issued by EEC is likely to show that there is cause for anxiety that new projects in Scandinavia, plus a general improvement to existing plant, could result in considerable surplus capacity by 1983.

Total capacity by that year could increase to perhaps 17m tonnes compared with last year's 14m tonnes, which with a 3.3 per cent growth rate in consumption implies about 4m tonnes of surplus capacity which would bring average operating rates down to only a little above 75 per cent.

If that should happen many small mills will almost certainly be forced out of business and serious protectionist moves would be likely in an attempt to save national producers from bankruptcy.

**M.W.**








# Pollution problems

IF THERE is one thing guaranteed to make pulp and paper mill executives' eyes change colour, it is the mention of Financial commitments in meeting requirements of pollution control and conservation of energy. These two areas in mill operations have taken up a large part of the literature over the past 20 years, and it all adds up to a story of enormous investment which has often stretched companies' resources to the limit. The Swedish pulp and paper pollution bills, for example, have sounded more like a national budget, and the "clean up" requirements which have had to be met have placed a number of mills, especially pulp beyond recall.

Pollution control has been and still is more a matter of legislation than conservation of energy. It became a platform for the conservationist, the environmentalist, ecologist and then the politician through the 1960s, and with the aid of Press coverage has never been far from the public mind. A lot of emotions has been engenered about industrial polluterers, followed by a lot of "blanket" legislation, certainly in Europe and Scandinavia.

It is not suggested that investment in water treatment and control of effluent is not necessary in pulp and paper, but it has *always* been a requirement in those industries. It is impossible to legislate for this by setting a target which is to be met by a certain time. If a mill does not pay due attention to matters of water and effluent in its normal day to day operations it goes out of business eventually anyway, but it takes time as well as money to raise standards.

Two basic facts apply concerning legislation on pollution control, facts which have become evident in the European experience under the EEC. First, no two mills are alike and there certainly is no typical mill. Second, the standards of control from mill to mill in state to state and country to country vary, sometimes to an enormous degree. It is understandable then that a mill which had reached a standard of discharging water back to a stream or river *cleaner* than when they took it out should be annoyed by having to spend money to follow a plan designed to deal with the inefficient. There have been a number of such cases in Europe, which has led by experience towards a system of guidelines to pollution control, and following these is the responsibility of mill management.

## Controls

New pulp and paper mills, integrated or otherwise, have built-in systems for controlling pollution, which means, of course, that the immediate problems are with mills requiring modification to meet standards beyond former ability. If a mill executive says that the period of time to effect these changes is insufficient and/or that the financial assistance towards those costs is too low, then presumably it is on the advice of the mill's effluent and water management team.

Energy conservation has some similarities with pollution control in that raising the standards is to a mill's advantage and that the circumstances which obtain in one mill could not possibly fit another mill. Pulp and paper is all power, water, chemicals and fibre, and at the end of it all these factors must be related to the cost per tonne produced. Market forces determine the selling price, so here again, as with effluent control where fibre and chemicals reclamation are of prime importance, savings in energy costs are absolutely vital, particularly now these are no "cheap" fuels. One British engineer's remarks of several years ago, about the 'total energy' concept still apply in mills: "Since the oil crisis and the dramatic increase in energy costs, industry is beginning to discover the value of measuring energy in terms of heat units, rather than quantities of steam or costs. It is not uncommon now to see total energy consumption expressed in terms of Btu or GJ per unit of product. In fact, the American Paper Institute is publishing in its monthly energy report *energy consumed per ton of product* in millions of Btu. Sweden has produced figures of total energy consumption for different products in kWh per tonne. This suggests that the concept of *by product power rate* defined as the output of kilowatts generated from the heat flow process is the correct measure."

The idea that there were "cheap" fuels before the oil crisis is a relative term. It is a raw material which has increased in cost along with all the other materials. The oil crisis had the effect of making pulp, paper and paperboard makers look at their energy systems more closely, and there is no doubt that there was a great deal of scope for savings.

Take as an example a point made by one of the industry's leading consultants in a recent interview. It was on the subject of pumping which is the main artery of the pulp/paper process. "A lot of people don't realise," he said "just how much energy goes into pumping fluids in the pulp and paper making process. In mills of all sizes and types, pumping needs stand for 25-40 per cent of the electricity consumption. The correct choice of pump capacity and head is, therefore, of utmost importance and should always be checked shortly after a new mill has come into operation and be duly corrected. Too often over-sized pumps are found working against almost closed control valves." We know this to be true from recent experiences related by mill men and it is just the sort of thing that management, through an energy conservation team, has to prevent.

It is not difficult, even for a non-paper maker to appreciate the value of knowing the total cost of energy per tonne of product. Market forces determine the selling price of the product, and this value can vary by a factor of, say, 1 to 5. This means that *all* the cost items which go to make a tonne of product need to be equated with the margin made on the end price, and this can be very small indeed. Savings in energy, in fact, can represent a fair share of that profit margin, so energy conservation management has to be a top priority in pulp, paper and board production.

One basic truth in pulp, paper and boardmaking was summed up recently by an internationally renowned consultant for the industry when he said "There is no typical mill—each one is different. A mill is a series of inter-related and complex factors and we (the consulting company) cannot make any general rules about one part of a mill being worse than another in energy efficiency. There are too many variables!"

**Jack Elliott**
*Associate Editor, "Paper."*

# A battle ahead over newsprint imports

THE NEWSPRINT producers of Canada, which together account for a third of the non-socialist world's output, have started an active lobbying campaign to preserve duty-free access to the European market.

They would like to see a continued increase in their exports to Europe which last year grew by 8 per cent to 680,000 tonnes.

However, any further increase in the Canadian share of the European market will need to be seen against the likely capacity of the Continental and UK producers and the large Scandinavian mills.

The Canadians argue that they should not be discriminated against just because they can produce more cheaply and thus hold prices down, particularly in the UK, where the price is now about $100 a tonne below that in France and Germany.

## Prices

However, domestic suppliers need higher prices even where they are using a high proportion of waste material, as is the case with Reed in the UK and, to a lesser extent, Bowater. Both companies are operating on slim margins, although Reed is currently doing rather better than Bowater, which is beset with labour troubles at its Ellesmere Port mill.

The Scandinavians also say they need higher prices and they would certainly like to increase production which last year was only about 78 per cent of the theoretical capacity of about 3.6m tones a year.

All newsprint imports into the EEC at present are covered by the duty-free quota which is fixed at a minimum of 1.5m tonnes, but which is raised to the total level of imports provided that the domestic mills have been able to sell their full production.

Last year's consumption in the EEC was about 4m tonnes. Imports from the Nordic countries count against the quota at present, but by 1984 all paper imports to the EEC from the Nordic countries will be duty-free.

What then will happen to the quota? Will it remain at 1.5m tonnes a year when it applies only to imports from Canada? Will it be reduced in proportion to Canada's share of the market, or will some entirely new arrangement be negotiated during the next few years?

The Canadians claim it would be unfair if their product suffered discriminatory duties compared with those from Scandinavia, and they say that it is in the interests of the newsprint users to maintain a balance which will prevent the Scandinavians from using a dominant position to determine prices.

The question is of particular importance in the UK which, with a consumption of 1.3m tonnes last year, is the largest newsprint user in Europe, just ahead of Germany.

*UK newsprint production has* fallen to only 310,000 tonnes a 50 per cent reduction over five years, and imports have risen proportionately. Last year, Scandinavia supplied 590,000 tonnes and Canada 400,000 tonnes.

The Canadian exports to Europe at present are limited by capacity. Last year the mills were running at 98.5 per cent of full capacity to produce a total of 8.9m tonnes. Of this 72 per cent was shipped to the U.S. where total consumption reached 10.8m tonnes, a little under half the total (non-communist) world consumption of 23m tonnes. Total Scandinavian exports of which the largest part went to western Europe were 2.47m tonnes last year.

## More capacity

Total U.S. capacity last year was about 4.1m tonnes, but this is expected to rise by 1982 to 5.5m tonnes.

Canadian interest in Europe will therefore depend very *much on the growth of demand* for newsprint in the U.S. However, comparatively minor fluctuations in the demand in North America can have a significant effect on the tonnages which are available for export. For example, a 3 per cent reduction in North American consumption last year would have allowed the Canadians to increase exports to Europe by over 30 per cent.

The balance of supply and demand in Europe is therefore highly sensitive to expected growth in America. Economic Models, the analysts, expect newsprint consumption in the U.S. to increase about 5 per cent this year, around 7 per cent in 1980 and about 5 per cent in 1981. This should be enough to absorb the extra capacity which is planned in North America.

However, consumption in Europe is generally expected to grow at a slower rate. In the UK, Economic Models expect a growth of only 1.7 per cent this year, followed by a recovery to *about 4 per cent in 1980.* In Germany, a rise of 2.6 per cent is expected in the current year accelerating slightly to 3 per cent in 1980.

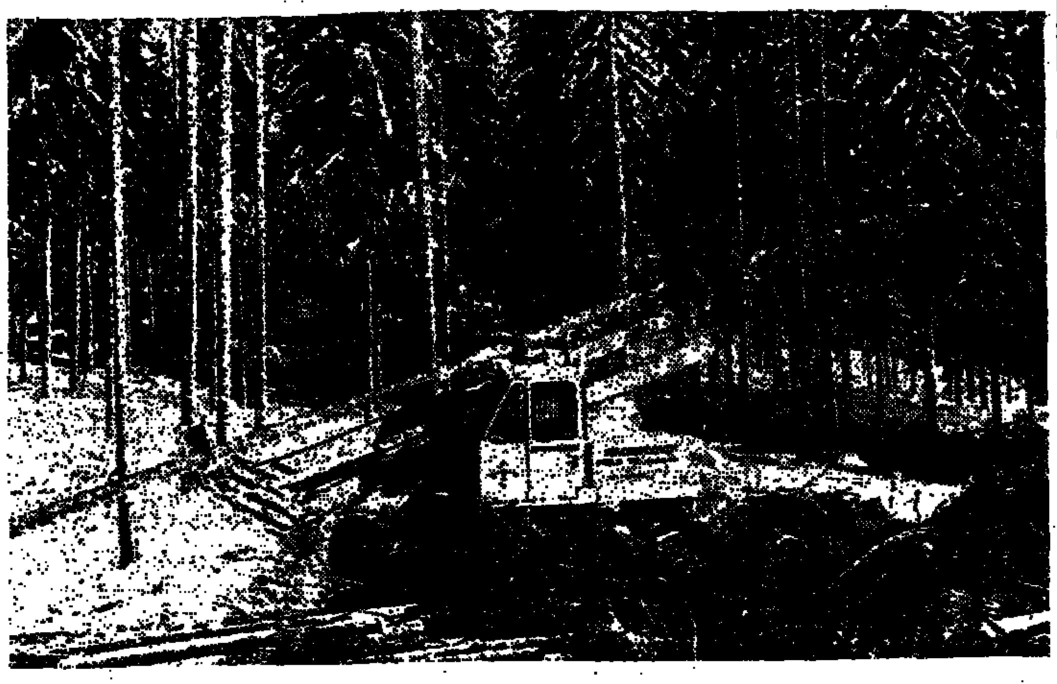
For the Nordic producers these increases will be welcome because they still have considerable unused capacity despite improved trading last year.

Swedish production increased 13 per cent to 1.26m tonnes with exports up by 18 per cent to 989,000 tonnes. Finnish production improved 15 per cent to 1.13m tonnes and exports were up 32 per cent to 1.11m tonnes.

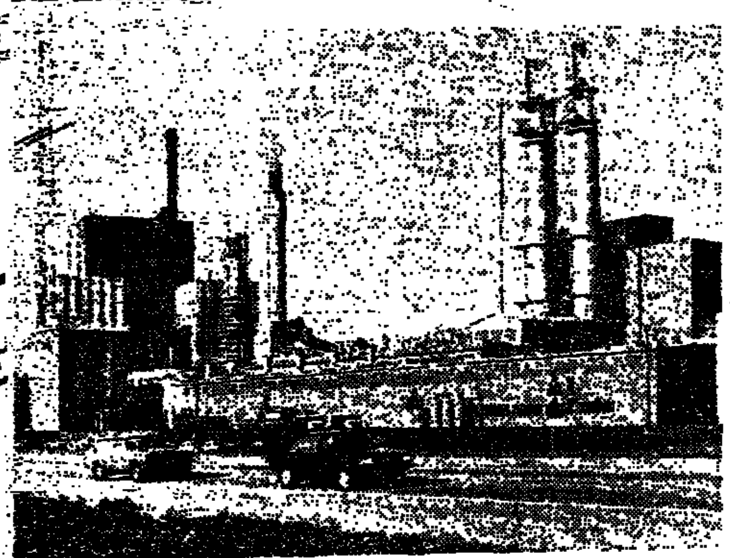
In Norway, production improved more modestly by 10.8 *per cent from the disastrously* low level of 435,000 tonnes in 1977, and exports were up by 8 per cent to 370,000 tonnes.

Most Nordic mills have returned to profitability, but their position is by no means comfortable since their prices, particularly in the UK, are squeezed downwards by Canadian competition and a clause negotiated with the Newsprint Users, which relates their prices to the value of the dollar.

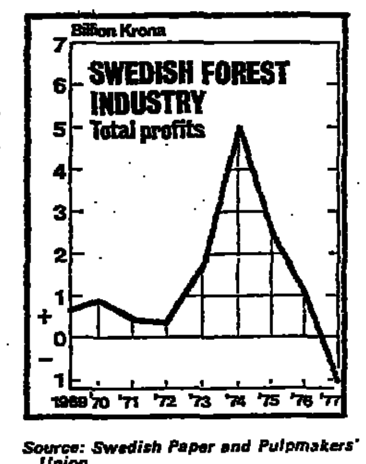
M.W.



*A mechanical harvester at work in Finnish forests*



*The Stora Kopparberg mill at Falun, in Sweden*




Source: Swedish Paper and Pulpmakers' Union.

### WORLD PULP, PAPER AND PAPERBOARD CAPACITY

Period: 1967-82

| | Total capacity 1967 | 1972 | 1977 | 1982 | Annual average increase * | † |
|---|---|---|---|---|---|---|
| | m metric tons | | | | per cent | |
| Total woodpulp, paper grades | 92.1 | 115.2 | 133.8 | 152.4 | 3.0 | 2.7 |
| Mechanical | 24.9 | 28.5 | 32.1 | 36.1 | 2.3 | 2.4 |
| Semi-chemical | 6.5 | 9.1 | 10.5 | 11.8 | 2.8 | 2.3 |
| Chemical | 60.7 | 77.5 | 90.7 | 104.5 | 3.2 | 2.9 |
| Total paper and paperboard | 119.4 | 152.1 | 184.4 | 211.8 | 3.9 | 2.8 |
| Newsprint | 20.8 | 24.4 | 26.0 | 30.7 | 1.3 | 3.3 |
| Printing and writing | 24.5 | 33.0 | 41.0 | 47.7 | 4.4 | 3.1 |

* 1972-77. † 1977-82. Source: FAO.

*Tree stumps being harvested in a forest owned by Stora Kopparberg, in Sweden*

### TOP 50 COMPANIES IN THE PULP AND PAPER INDUSTRY

| Rank 1977 | Company (headquarters) | 1977 Sales ($000) | % Change from 1976 calculated in local currency | 1977 Earnings ($000) |
|---|---|---|---|---|
| 1 | Georgia-Pacific (Portland, Or., U.S.) | 3,675,000 | +20.9 | 262,000 |
| 2 | International Paper (New York, U.S.) | 3,668,900 | +3.6 | 233,700 |
| 3 | Weyerhaeuser (Tacoma, Wa., U.S.) | 3,282,768 | +14.4 | 303,891 |
| 4 | Champion International (Stamford, Ct., U.S.) | 3,126,621 | +1.5 | 161,555 |
| 5 | Bowater Corporation (London) | 2,998,020 | +11.3 | 52,722 |
| 6 | Reed International (London) | 2,824,368 | +9.0 | 56,550 |
| 7 | Boise Cascade (Boise, Id., U.S.) | 2,315,780 | +19.9 | 115,610 |
| 8 | Crown Zellerbach (San Francisco) | 2,307,194 | +8.5 | 109,152 |
| 9 | St. Regis (New York) | 1,996,337 | +11.0 | 106,786 |
| 10 | Mead (Dayton, Oh., U.S.) | 1,821,826 | +13.9 | 91,540 |
| 11 | Kimberly-Clark (Neenah, Wi., U.S.) | 1,725,500 | +8.3 | 130,700 |
| 12 | MacMillan Bloedel (Vancouver) | 1,617,735 | +12.6 | 36,178 |
| 13 | Scott Paper (Philadelphia) | 1,520,226 | +10.6 | 99,190 |
| 14 | Container Corporation of America (Chicago) | 1,144,000 | +6.0 | 60,300 |
| 15 | Union Camp (Wayne, NJ, U.S.) | 1,081,653 | +7.8 | 114,664 |
| 16 | Svenska Cellulosa (Sundsvall, Sweden) | 1,026,372 | +10.7 | 27,946 |
| 17 | Westvaco (New York) | 1,000,622 | +8.4 | 61,944 |
| 18 | Abitibi (Toronto) | 986,324 | +18.3 | 35,762 |
| 19 | Domtar (Montreal) | 952,358 | +13.8 | 25,283 |
| 20 | ITT Rayonier (New York) | 928,000 | +41.0 | 37,000 |
| 21 | Stora Kopparberg (Falun, Sweden) | 927,360 | −6.0 | 17,053 |
| 22 | Gt. Northern Nekoosa (Stamford, Ct., U.S.) | 923,810 | +9.4 | 77,258 |
| 23 | Béghin-Say (Paris) | 875,753 | +10.2 | (25,906) |
| 24 | Continti. Forest Ind. (Greenwich, Ct., U.S.) | 864,000 | +2.6 | 62,000 |
| 25 | Jujo Paper (Tokyo) | 853,043 | +1.1 | 6,800 |
| 26 | Consolidated Bathurst (Montreal) | 819,716 | +17.0 | 21,430 |
| 27 | Sanyo-Kokusaku Pulp (Tokyo) | 788,335 | −3.2 | 432 |
| 28 | Hammermill Paper (Erie, Pa., U.S.) | 787,032 | +14.1 | 19,575 |
| 29 | Oji Paper (Tokyo) | 766,939 | +0.8 | 10,330 |
| 30 | Feldmühle (Düsseldorf) | 761,207 | +5.1 | 15,905 |
| 31 | Dickinson Robinson (Bristol) | 750,785 | +13.0 | 18,474 |
| 32 | Wiggins Teape (Basingstoke) | 740,426 | +17.3 | 33,742 |
| 33 | Potlatch (San Francisco) | 688,424 | +10.3 | 61,813 |
| 34 | Paprwke. Waldhof-Aschaffenburg (Munich) | 661,791 | +0.1 | (829) |
| 35 | Honshu Paper (Tokyo) | 660,220 | +0.8 | 3,155 |
| 36 | Williamette Industries (Portland, Or., U.S.) | 652,973 | +19.6 | 48,123 |
| 37 | Bührmann-Tetterode (Amsterdam) | 637,537 | +14.0 | 15,893 |
| 38 | Southwest Forest Ind. (Phoenix, Ariz. U.S.) | 619,295 | +11.1 | 16,086 |
| 39 | Daishowa Paper (Fuji City, Japan) | 600,488 | +3.4 | 3,232 |
| 40 | Södra Skogsägarna (Växjö, Sweden) | 597,171 | +7.3 | (8,714) |
| 41 | Uddeholm (Hagfors, Sweden) | 580,089 | +20.2 | 15,156 |
| 42 | Enso-Gutzeit (Helsinki) | 567,370 | +5.2 | (7,565) |
| 43 | Borregaard (Sarpsborg, Norway) | 556,767 | +11.4 | (3,477) |
| 44 | Cellulose du Pin (Paris) | 533,604 | +0.9 | (36,964) |
| 45 | Kymi Kymmene (Kuusankoski, Finland) | 520,347 | +27.2 | 93 |
| 46 | Rengo (Osaka, Japan) | 512,319 | +11.7 | 7,591 |
| 47 | Packaging Corporation (Evanston, Il., U.S.) | 485,500 | +7.6 | 45,500 |
| 48 | British Columbia Forest Prods. (Vancouver) | 464,103 | +25.5 | 33,125 |
| 49 | Brown Company (Pasadena, Ca., U.S.) | 453,828 | +5.5 | 7,771 |
| 50 | Norrlands Skogsägares (Kramfors, Sweden) | 450,223 | +20.5 | (76,786) |

Source: Pulp and Paper International.

## WORLD PULP, PAPER AND BOARD VIII

# New production processes

"IF PAST trends continue," a Swedish manufacturer remarked humorously, "we shall be making paper entirely out of clay by the year 2020."

Well, who knows? It *has* been done before, by the ancient Egyptians, who used clay tablets for recording their inventories and trading statistics. It is at least possible that, in some grades of paper, fibres will come to be regarded as a means of holding the clay together rather than as at present, clay being a filler to extend and add properties to the fibres.

In the last few years some very considerable advances have been made in the science of paper making and in the refining and production of clays.

As a result, paper can be made experimentally from a mixture of 40 per cent clay and 60 per cent pulp fibres. Moreover, the new lightweight coated (LWC) magazine papers commonly have 30 per cent clay in their composition, if the coating is included. It may surprise some readers to learn that even ordinary newsprint can have nearly 10 per cent of clay in it.

China clay is still much the most important of the white minerals used in the paper and board industry. Its main competitors are calcium carbonate and talc. These three minerals together account for about 90 per cent of the filling and coating agents used by paper makers.

Altogether, the European paper making industry uses about 5m tonnes of non-fibrous materials of which white minerals account for 70 per cent of the volume. Carbonates, which were the paper makers' traditional filler are now little used for this purpose, because they are incompatible with the acidity of modern processes.

## Coatings

Carbonates are mainly used as coating agents to improve brightness and the printing qualities of fine paper. However, despite some recent developments, they still only account for about 200,000 tonnes a year out of the total 1.5m tonnes of coating pigment used in Europe.

A higher grade of clay is used for coating, at a cost of about three times the grade most commonly used as a filler. Last year's consumption of fillers in Europe was about 1.8m tonnes of which about 300,000 tonnes was talc.

ECC International of St. Austell, Cornwall (formerly English China Clays) estimates that the total world production of china clay (kaolin) is about 15m tonnes a year, of which 5.5m tonnes is in America, 4.5m tonnes in Western Europe and 3m tonnes is in the USSR, which has very large reserves.

ECC, which supplies about 70 per cent of the European market, produced about 2.7m tonnes of clay from its pits in Devon and Cornwall last year, in addition to the output from its subsidiary in Georgia, Anglo-American Clays, and its subsidiaries in Europe.

Traditionally, filled clays have been regarded mainly as a means of filling in the interstices which would otherwise be left between the fibres, to give paper better opacity and smoothness.

However, in recent years attention has turned to the possibility of using clays in greater quantity as a substitute for fibre which may be as much as seven times more expensive. The low margins in the papermaking industry and the continuing threat of over-capacity theoretically make an increase in filler content by only a few percentage points an attractive proposition.

ECC has therefore been putting considerable effort behind a research and development programme for new clay fillers to enable them to be substituted for fibre without loss of strength. One approach is to add polymers or starch to the clay to help the particles to stick together in the paper. Another is to try to alter the geometry of the clay particles so that a higher loading can be achieved.

Several new products have been announced recently including a clay called Superfill and a system using polymer, called hylode. ECC claims that the proportion of filler can be increased by around 7 per cent with a cost-saving of around £15 per tonne.

Unfortunately, however, the generally depressed state of the industry has mitigated against experiments with these new fillers and ECC says the response has been rather disappointing.

There are two main reasons. First, the price of bleached chemical pulp has been extremely low as a result of overcapacity and the American influence in the market. Indeed, the moves towards an anti-dumping action by French pulp producers and the losses made by Scandinavian pulp producers emphasise the point. From the paper makers' point of view, however, the abundant supplies of relatively cheap pulp have reduced the urgency of any attempts which may have been in train to find a cheaper substitute.

Perhaps more importantly the paper-makers themselves have been suffering from low profitability and a difficult market. They have not therefore felt inclined to spend money on even relatively small modifications to their equipment, mill trials and promotion, which would be necessary for the launch of what is essentially a new product.

## Strategy

Nevertheless, the strategy of the clay manufacturers is now firmly set on towards developing higher value products rather than aiming to increase volume. In a market dominated by a comparatively few companies with established relationships, the scope for increasing market share is, in any case, rather limited.

Since increasing volume of sales depends on the sales of fine papers, which in turn depends upon the economic activity of the developed countries, a company such as ECC can only grow in three ways: by increasing prices, by diversification and by developing more sophisticated types of clays.

In addition to the efforts to provide clays which have better filling properties, ECC has been developing special coating clays at the upper end of the market with, for example, very high gloss and low-cost products for the bulk grades such as LWC papers.

Another recent development has been the shipping of clays in liquid slurry form with 35 per cent water instead of as a dry powder. Although this means that extra transport costs have to be borne, the customer gains by having the clay in a more convenient, less messy, form, which can be pumped directly from tankers to the factory. The costs of drying the clay in Cornwall are also saved.

Clearly, shipment of liquid clay is only practicable in the case of mills which are close to a suitable port and not too far from the shippers. Considerable extra capital costs are also incurred for storing and pumping the clay in a liquid form.

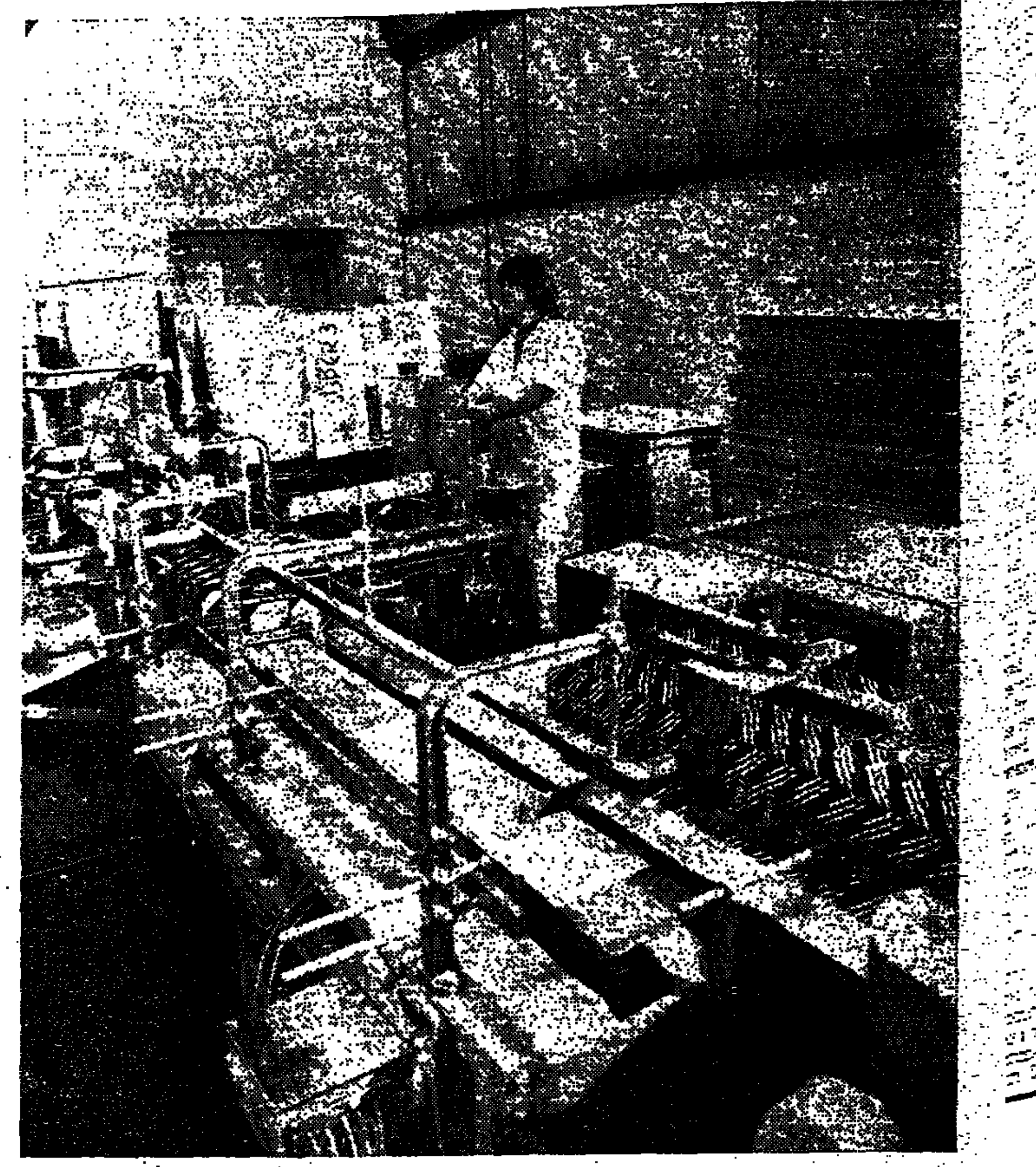
Higher prices can be charged for superior fillers and coating materials, if the papermakers can be persuaded of the advantages—not always an easy task in this very conservative industry. However, the general price levels, and hence the profitability of companies like ECC are closely tied to the health of the papermaking industry.

## Outcome

Thus, last year, ECC's profits fell badly to £24.5m compared with £30.5m in 1977. This was largely caused by the fact that the clay division's profits were down 34 per cent in spite of a 10 per cent increase in sales. The main reason was that the paper industry has been in such a depressed state that the company felt unable to build up the price even of a raw material of secondary importance. It was not until June that the price increased, by about 18 per cent, the first increase since January 1977.

This dependence on the international paper industry explains why ECC takes such pains to monitor the developments in the industry and to attempt to give advance warning where it believes over-capacity is likely to occur.

M.W.



*The £50m-a-year facial tissue market has steadily increased by around four per cent annually. Cartons of Kleenex three-ply "mansize" tissue packs, above, are being packed ready for despatch*

# Increasing market for disposable products

DISPOSABLE PAPER products emerged triumphant from a static growth period in the mid-seventies, launching "stronger, softer and cheaper" products on to the British market, now worth around £255m.

The strength of the market lies in the fact that products such as toilet tissue and sanitary protection are essential goods in the British consumer market, although per capita usage is two times as low as that of the U.S. at 7.4 kg. This indicates that saturation levels are still, if ever, some way from being reached.

Since the "cold winds" of 1976, tonnage growth has increased by between 5-7 per cent a year and manufacturers forecast an increase of 10 per cent in 1979.

The larger sectors of the disposable paper market are dominated by the two major manufacturers, Bowater Scott and Kimberly-Clark. Bowater is market leader in the toilet tissue sector, worth around £130m a year, with 35 per cent market share. Kimberly-Clark's Kleenex has over 15 per cent of the market share and British Tissues claims around 20 per cent of the market.

The main development in brand terms has been the growing sales of own brands for all disposable paper products. The market is vulnerable to competition from supermarket store brands in that it is a highly price orientated market and the differences in quality are less discernible than, for example, washing-up liquids.

To appreciate fully the growth of the toilet tissue market it is worth looking back to its launch in Britain.

The first commercially-made toilet tissue was sold in the U.S. in the early 1870s. It took 50 years, however, to cross the Atlantic to become a regular purchase in the household budget and a further 25 years or so before soft toilet tissue was introduced to the British consumer. Today, 98 per cent of all British toilet tissue retail sales are soft tissue.

On average, over 2m double packs are sold every day of the year in Britain with annual retail sales at around 1.5bn rolls.

Sales have been boosted and customers cajoled into buying new products by manufacturers' claims of improved softness and strength and greater variety of colour. They claim that housewives will buy toilet tissue to complement bathroom decor and that colour is an important consideration in promotion.

## Dramatic

In the last 10 years, distribution of toilet tissue has shifted dramatically away from chemists to grocers and supermarkets. Only 15 per cent of British products are sold to chemists while 80 per cent is distributed to supermarkets and grocers.

Similar figures show the dominant role supermarkets play in the sale of other disposable paper products.

Manufacturers' optimism has, to date, been dampened only by the dumping of foreign tissue products onto the market. Last year, the Association of Makers of Soft Tissue Papers prepared a case for the European Commission, claiming that Spanish products were hitting all tissue-sales by around 3 per cent a year and forcing them to cut prices.

In some areas—toilet tissue—it claimed that Spanish products had taken a 10 per cent share of the market. Then, for some time the "dumping" ceased, due to financial and industrial problems, the Association said. The products have since begun to appear in Britain and an updated submission is now being prepared.

While toilet tissue is easily the biggest sales contributor, growth in kitchen towel sales is impressive, if only because consumers are only now accepting the product. The sector is worth around £30m a year and since 1970, volume has risen by 82 per cent.

Kimberly-Clark accounted for about 33 per cent of tonnage last year. Bowater Scott claimed to have the largest market share in sales at 23 per cent.

The £50m a year facial tissue market has steadily increased by around 4 per cent a year. Since 1970, volume has risen by around 11 per cent. Kimberly-Clark's share has risen to 40 per cent with its Kleenex brand. Bowater Scott's mansize and regular Scotties with over 12 per cent share of the market, claims to have three times the share of any other branded product except Kleenex. Own brands in this sector are also strong—taking 30 per cent of the market.

Another sector which has grown steadily since the late 1920s is sanitary protection. While the number of women using towels or tampons has remained steady at around 13m, the value of the market has increased from £34m in 1974 at retail selling prices to over £60m last year and £69m is forecast for 1979.

The real surge in prices, and therefore market value, came between 1974 and 1975. The retail value forecast by the Economic Intelligence Unit is estimated to increase by 87 per cent in five years.

The sanitary protection market is dominated by three manufacturers: Lilia-White, Kimberly-Clark and Sancella. The latter combines the interests of Molnlycke and Bowater Scott. These three companies, together with Robinsons of Chesterfield and Unilever's subsidiary, Elida Gibbs, have been responsible for most of the activity and innovation in the last few years.

Lilia-White, with a 55 per cent of the sanitary towel market, competes with Tampax in the tampon sector, dominates the traditional looped towel sector and has been successful both in the press-on market and the mini-pad market.

Kimberly-Clark, with a 28 per cent share of the towel market, has recently diversified, bringing out loopless towels and press-on products.

The Sancella products are now almost entirely sold under the Libresse brand name. Reorganisation in the company has meant a gradual share loss—estimated at around 10 per cent—with Robinsons, one of the forerunners of the special garments products, also losing a share in the past two years.

One company is unique in this market—Tampax—the market leader in the tampon sector with no interests in the towel market. Its share is estimated at around 57 per cent.

The future market, according to sales' analysts, appears lucrative. It is steadily expanding in value terms while remaining comparatively stable in volume consumption.

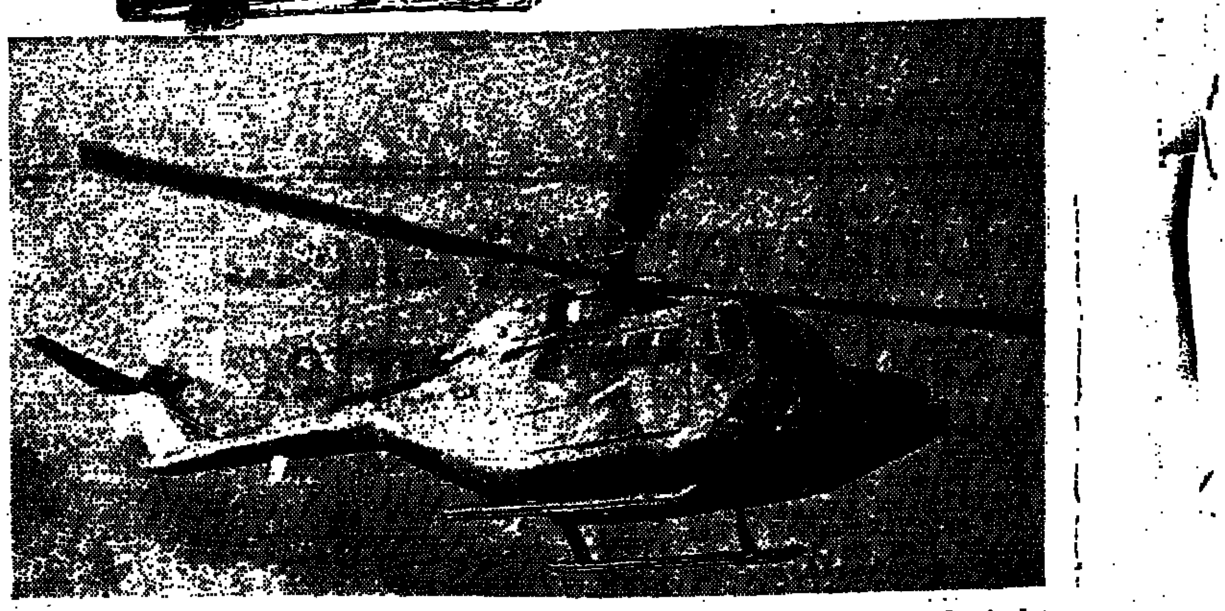
Manufacturers, however, deny that volume consumption fluctuates within small margins and claim that new products and wider promotion will mean greater volume gains.

Nevertheless, market sectors, according to the Economic Intelligence Unit, will stay much the same in terms of their share of total sales.

**Colleen Toomey**

# The risks Sadat runs

By ROGER MATTHEWS in Cairo



Westland-Aerospatiale Lynx helicopter such as was to have been built in Egypt by the Arab Organisation for Industrialisation now dissolved.

EGYPT BEYOND question deserves, needs and welcomes peace. Whether Egypt can have peace and the economic benefits that are supposed to accrue from it on the treaty terms negotiated with Israel by President Anwar Sadat is an altogether more debatable question and one that that will be answered as much from outside that country as from within.

A small but important part of the answer came yesterday with the announcement by Saudi Arabia that the multi-million dollar Arab arms industry, which has 15,000 employees in Egypt, is to be disolved. The Arab Organisation for Industrialisation as it is called, was funded by Saudi Arabia, Qatar and the United Arab Emirates, with Egypt providing labour and land. It has been the best example of pan-Arab industrial co-operation and ironically the first major victim of Arab hostility to the peace treaty.

For the leader of a nation so utterly dependent on external financial support, Mr. Sadat has acted in the 17 months since he went to Jerusalem with extraordinary independence and self-confidence. As head of one of the 22 members of the Nation of Arab States, he has behaved much as he does domestically—with paternal disdain for any errant children whose vision he considers still blinkered by youthful inexperience.

Gross domestic product per head is a mere U.S.$260 in Egypt; the country has to import 40 per cent of its food even though 42 per cent of its workforce is employed in agriculture, its population of 40m is growing by 1m a year, it has no foreign currency reserves, critically limited resources, a decaying infrastructure and urgently needs a politically challenging programme of economic reform. But all that does not blight Mr. Sadat's view of his country's role. As far as he is concerned a nation of 7,000 years recorded history will not in 1979 be deterred by the opposition of countries born only this century—even if they are the world's wealthiest oil exporters.

## Isolation

The result is a growing isolation within the Arab world and even more critical dependence on the U.S. and other industrialised nations. The trend has been clear for some time. When Mr. Sadat was negotiating at Camp David last September with President Carter and Mr. Menahem Begin, Prime Minister of Israel, he did not consider it necessary to keep even his best Arab friends informed of progress. After the hostile Arab reaction to the Camp David agreements Mr. Sadat turned down suggestions from his ambassadors in Arab countries to make an effort to regain some support.

So when the peace treaty was signed in March it was not surprising that the great majority of Arab nations—which had already signalled their intentions at a Baghdad summit meeting the previous November — should conclude that this was a separate peace with Israel that did not answer Arab aspirations and that political and diplomatic relations should be broken with Egypt.

The more moderate Arab countries, and especially Saudi Arabia and the main Gulf oil producers, hesitated to concur with far reaching economic sanctions called for by the hard line states. Better perhaps the arrogant, conservative, fiercely anti-Communist devil they knew than the devil who might take over if they tried to cripple Mr. Sadat economically and risked a social upheaval that would add to instability in the Middle East.

But Mr. Sadat was not content to let the matter rest. In the past fortnight he has fanned the flames by attacking especially Saudi Arabia, accusing it of bribing other Arab countries to break relations with Egypt and personally insulting an already angered Saudi royal family.

If Mr. Sadat's intent is to rally the country behind him in a surge of Egyptian nationalism to replace the Israelis by the other Arabs as the supposed external cause of the country's domestic difficulties, then perhaps he is being particularly successful. Yet he has stirred the first tremors of real anxiety in the business and banking community, some of whom now see a danger of the economy coming under severe pressure.

The official view is that an Arab boycott will have little effect. Only 6 per cent of Egypt's total trade is with the Arab world, and in the past 18 months the country has received little direct financial aid from the oil producers. However, turn the clock back two years and the picture was very different. Arab aid poured heavily into Egypt following the 1973 war, reaching a peak of over $2bn in 1977 after the Government had tried to trim the budget deficit by reducing subsidies paid on a range of essential commodities. That caused three days of bloody rioting.

The non-military debt burden, today just under US$10bn, was restructured to provide a longer and more balanced repayment profile, the Gulf Organisation for the Development of Egypt (consisting of Saudi Arabia, Kuwait, the United Arab Emirates, and Qatar) provided US$1.9bn to clear payments arrears, and the U.S. stepped up aid to almost US$1bn a year. Kuwait and Saudi Arabia placed nearly US$2bn on deposit with the Egyptian central bank and have since extended the duration of the deposit and rolled over interest payments.

Thus 1978 dawned with real hope that the breathing space provided by Arab help would give Egypt time to launch a programme of major domestic reform while attracting more foreign investment that might serve to reduce import growth, to stimulate exports, and to create much-needed jobs. The extent to which this happens will help decide whether Egypt is again going to need sudden large amounts of payment support.

Statistics in Egypt tend to be elusive and to vary according to source, but it seems clear that last year's trade deficit was in the region of US$3bn, with imports costing about $5.5bn and exports earning $2.5bn. There was a net surplus of nearly $2bn on invisibles leaving a current account deficit of just over $1bn. When the capital account deficit is added in Egypt was left with an overall deficit of about $2.2bn that was all but covered by special financing—that is the whole range of aid, grants, and other forms of assistance, mainly from western sources.

Assuming that the main elements of the balance of payments remain roughly constant this year, the Government will be looking for a continued, mainly western, aid flow of about $2bn—something that President Sadat has sought to institutionalise and expand through the so-called Carter Plan—a $15bn, five-year scheme which was announced without reference to the main contributors, hoped for, the U.S., Japan, and western Europe.

Whatever uncomfortable parallels there might be with the Shah of Iran, the fact that the U.S. is increasingly being burdened with the responsibility for Egypt's economic survival may seem a small price to President Carter and to Congress to pay for having ended the state of war between Israel and the largest Arab state. The extent to which the U.S. apparently misjudged the attitude of Saudi Arabia was reflected in the small amount of the extra aid it is to provide for Egypt this year—described by one irritated official as a tiny splash in the Nile.

Egypt's other main non-Arab benefactors are scarcely more forthcoming, with the West Germans and Japanese indicating that their contributions are likely to remain pegged at current levels. As they privately point out, they do receive much of their oil from the rest of the Arab world—and do substantial business with it.

## Invisibles

However there are indications that the U.S. might be prepared to make available increased amounts, especially if Egypt should expect a shortfall in its invisibles earnings, the area where it is most vulnerable to Arab action. The most critical element in Egypt's external payments during the past two years has been the startling rise of remittances from up to 2m Egyptians working abroad, mainly in Arab countries. Remittances have doubled in each of the past three years, were worth over U.S.$1bn in 1978, and were expected to reach about $1.6bn this year.

While the recent Baghdad resolutions ruled out direct action against Egyptians abroad, the subsequent worsening of relations and the possible suspension of commercial air services to and from Egypt may herald a slowing in the rate of emigration and a decline of confidence that will cause workers to remit less of their earnings.

The Egyptian economy is also vulnerable in two other important areas of service earnings—the Suez Canal and tourism which together produced around U.S.$ 1.3bn last year. The number of high-spending Arab visitors to Cairo has dropped sharply this year and the trend is expected to continue.

There are a number of bilateral and multi-lateral programmes which offer opportunities to damage Egypt and it must be added the Arab countries, too, if funding or participation was withdrawn. Besides the Arab Organisation for Industrialisation, the budding arms industry, these include the Sumed pipeline which carries crude oil across Egypt to the Mediterranean, and a range of smaller but still important activities in housing, property, industrial development and service industries.

On the credit side the peace treaty should lead to a further increase soon of Egypt's oil exporting revenues as the Sinai fields are handed over by Israel.

But that is not enough to calm anxieties, some of which were present even before the break with the other Arab countries. They centre particularly on the breakdown of negotiations with the International Monetary Fund about Egypt's U.S.$730m three-year facility. The Budget deficit has not been brought under control and fiscal ceilings agreed in the IMF Letter of Intent have been seriously breached with potentially damaging inflationary consequences.

The very limited success of Mr. Sadat's "open door" economic policy, which was designed to attract private Western capital, and the difficulties with the IMF highlight a common political weakness: the inability of the regime to delegate effective political responsibility and an understandable unwillingness of management to take decisions that might have political consequences. It has been caused, according to Mr. Sadat's domestic critics, by his refusal to promote people of real ability while packing senior political posts with those who obey without question.

Thus the subsidies bill (nearly a quarter of the budget) climbs annually benefiting rich, middle-class, and poor alike. Reform is shelved because no one wants the 1977 riots repeated. Government revenues have risen gently, but the tax take is still far too small and will remain so until someone is ready to do battle with the moneyed middle class. Public-sector wages are increasing, but are being rapidly outpaced by the small private sector. Inflation is put unofficially at anywhere between 20 per cent and 40 per cent, with a strong upward tendency as a result of the budget deficit and of the inflow of remittances from abroad which is not matched by greater domestic productivity. Overlaying it all is the dead weight of a bureaucracy that foreign businessmen agree has done more to frighten away investment than any other single factor.

Yet Egypt apparently still is a country of remarkable political stability within the context of the Middle East. The army, ultimate source of power, in general appears completely loyal to the President, the Left is small and until a crisis occurs probably impotent. The Islamic Right is enjoying something of a resurgence, but can probably be kept in check by the security services. The mass of gentle, smiling, hospitable Egyptians bear their daily struggle with a tolerance that must be a delight to any political leader.

However, in the past 18 months a combination of President Sadat and the Ayatollah Khomeini in Iran has served to stand the Middle East on its head. Conceptions that have been valid for the past 30 years no longer apply. An Egypt isolated from its Arab brothers, utterly dependent on the U.S., led by a man to whom dullness is anathema, and now at peace with the most efficient military force in the region, guarantees only the folly of making predictions.

# Letters to the Editor

## The defence lobby

*From Major-General R. Mans*

Sir,—In his otherwise interesting article "Beware of the defence lobby" (May 8) Samuel Brittan omitted mention of the paramount issue—the most urgent need to improve the capability of our armed forces within NATO in the face of an ever-increasing Soviet military threat. This stark fact must not, I suggest, be obfuscated by warnings, however persuasive, about links between defence spending and trade protection, etc. The ultimate danger is the threat to the survival of our nation.

I am sure that a visit to the British Army of the Rhine would soon dispel any reservations Mr. Brittan may have about the necessity to modernise equipment.

Mr. Brittan uses the apt analogy of the "collective *umbrella*" in referring to NATO. May I remind him of a similar reference by Lord Palmerston linking defence with the umbrella.

"On a fine day you leave your umbrella behind, and it rains. Take it with you and it will remain fine."

Major-General R. S. N. Mans.
*Kirk House, Sway Road, Brockenhurst, Hants.*

*From Mr. E. Greenwood*

## Moving house

*From Mr. A. Roper*

Sir,—With respect, the article by your Consumer Affairs Correspondent Mr. David Churchill (May 10) contains some reporting which is both unfair and inaccurate.

Mr. Churchill refers to the high cost of legal fees and other expenses as a factor which should cause householders to think twice before moving house. Why does he refer to legal fees in particular when it is quite clear from the Consumers' Association report in the Which? magazine to which he refers that by far the greater expenses which might be encountered are the estate agents' fees and combination of stamp duty and Land Registry fees. The amount of the latter are far in excess of the solicitors' fees in the higher price ranges.

Mr. Churchill concludes with the statement that the magazine is critical of all the bodies connected with house moving whereas in actual fact the Which? report to which he refers does not in any way criticise solicitors as such. Whether the magazine will do so in its next issue remains to be seen.

Alan D. Roper.
*Court Chambers, 3, Victoria Street, St. Albans, Herts.*

## Index-linked pensions

*From Mr. A. Furse.*

Sir,—There has been a deathly silence from the Pay Research Unit Board as the papers announced in quick succession that: (1) inflation has risen above 10 per cent once more; (2) salaries of civil servants will be raised by an average of 25 per cent by January 1980; and (3) the Government actuary thinks that for civil service pension (a) price increases will average 6 per cent; (b) salaries will rise by 7½ per cent; (c) the return on investments will be 9 per cent and, basing his calculations on his own figures, concludes that the annual salary adjustment for full pension indexation for life should be 2.6 per cent. (Perhaps I should add that the adjustment is a deduction from salary not an addition to it.)

Had the figures for 3a, b, and c, each been 8 per cent, an independent actuary has calculated the true cost of indexation at 17 or 18 per cent.

I have recently seen an annual pay slip for a retired civil servant, which shows that since retiring, his pension has increased by 772 per cent, and that the increase for 1978/79 alone was 106.65 per cent of his original pension. One does not need to be an actuary to question whether an increase such as this can be funded by a 1¾ per cent annual deduction—or even one of 2.6 per cent.

The range of total contributions in the public sector (employee and employer) is most enlightening, especially since many of the funds actually try to stay solvent, in the face of indexation. The civil service pay least of course—a notional deduction of about 12 per cent (basic plus indexation), British Steel 24 per cent of salary (having taken over solvent funds on nationalisation), the Post Office about 30 per cent, British Airways more than 40 per cent for pilots and officers, and the Coal Board over 45 per cent. BA's contribution is said to fund annual increases in pension of 5 per cent!

Is not the solution to accept the Government Actuary's suggestion and to index civil service pensions—and limit qualifying increases — within the parameters he suggests? Indexation would then be limited to 6 per cent and qualifying salary increases to 7½ per cent, to take account of the difference between the average rate of interest for each year, and the 9 per cent he postulates.

Similar limits could be applied to the rest of the public sector—and the private for that matter—and the indefensible privilege of lavish pensions for the few at the public's expense would be ended.

A. W. Furse.
*Nerquis, Mold, Clwyd.*

## First source of taxation

*From Mr. W. Shepherd*

Sir, — The announcement (May 10) that Chrysler unions are seeking new pay and perks increases only serves to emphasise the general ignorance of basic econocims on the part of our unions.

Here is an outfit which, instead of financing the rest of the country through the taxes which government should take from it, is itself receiving largesse: what is so frightening is the basic assumption that there is a bottomless pit of gold to finance any old scheme, however dotty it may be, and I suppose it is only because there are so many companies which do contribute into the kitty that Chrysler unions not only see nothing wrong in their demands, but also wax indignant that the media (for example you) are so wrong in their attitude to those demands.

Every day I come across people—who would class themselves as intelligent thinking people—who are unable to see that all taxation in this country stems from industry, and when that industry itself is sick, then it must follow that we are in for a rough time.

W. F. Shepherd.
*4, Asher Reeds, Langton Green, Kent.*

## Company cars

*From the Chairman, London Amenity and Transport Association*

Sir,—In your leader on public transport (May 10) you accuse London Transport's chairman of floating a silly idea to gain attention for more serious problems. But tax concessions for those who travel by bus (or any other form of public transport) is no sillier than the tax concessions already allowed through the use of company cars. I agree that there is no point in subsidising mobility for its own sake and therefore suggest that the tax concesssions on company cars should be withdrawn.

Harley Sherlock.
London Amenity and Transport Association,
*13, Alwyne Place, N1.*

## Odd pence waste time

*From Mr. E. Greenwood.*

Sir,—I have been preparing the usual list of dividends for the tax inspector and it is very boring to find that almost all the amounts involve odd pence. Would it not be sensible for companies to set their computers to round up or down to the nearest round tenpence and save us all wasting our time?

E. M. Greenwood.
*Lane House, Shotteswell, Nr. Banbury, Oxon.*

## TUC and the Labour Party

*From Mr. J. Hudson*

Sir,—Dare I ask the question: Is the time now ripe for the trade union movement to end its links with the Labour Party? Surely those many union members who did not vote Labour should be considering such action. The TUC would have greater influence in general and in particular the Labour Party might find its new role.

J. N. F. Hudson.
*"Nestor," 11 Erleigh Court Drive, Earley, Reading, Berks.*

## Efficiency exists

*From Mr. D. Logdon*

Sir,—Mr. Christopher's letter of May 9 commenting on mine of April 24 requires some response.

How does he make a £3,000 rise to £12,000 equal to 50 per cent? How does he reconcile this with at least 100 per cent productivity increase? Would he like to comment on why the subjects of my remarks were blocked justified promotion to make way for fast stream newcomers whose only advantages are irrelevant degrees?

The efficiency of established Revenue-trained staff at all levels is indeed an object of wonder. In my view, most are conspicuously better than their outside counterparts. Here I refer mainly to lifers over 50, and younger people promoted regularly through the ranks from TO entry. These sort of people, however, are now a minority, and one that is dwindling fast as the service overlooks their value and people like me snap them up.

Until the last century Civil Service entry and advancement was through privilege, class and connections until the introduction of open competitive public examination. Since 1964 and the "white heat" of the waffle revolution, upper middle and quasi upper middle class advantage has been re-established by the gilded youth of the glass and concrete degree factories. I hope that Mr. Christopher is aware of these trends and how they reduce the credibility of his arguments to people outside the service.

D. B. Logdon.
Meredith Whittome Logdon,
*Bank Chambers, 20, High Street, Tring, Herts.*

## Private travel

*From Mr. P. Howarth*

Sir,—I was interested, as a commuter, to read David Freud's article on tax relief for commuters (May 12). Surely, this is the wrong way to deal with the matter. British Rail and the Inland Revenue are both part of the same institution, British Government. A person who buys an annual season ticket is a commuter beyond dispute. Therefore, the most efficient way to give relief to the commuter is to exempt the annual season ticket from the annual fare increase. No more forms, no arguments, no more staff required and no new price lists to be issued. I 'm sure a skilled accountant could argue that the idea would pay for itself.

P. Howarth.
*10, Glebelands Road, Knutsford, Cheshire.*

## Scottish Courts breakdown

*From the Chairman, British Legal Association*

Sir,—The strike by some trade unionists has caused the virtually complete closure of all courts in Scotland and of some county courts and High Court district registries in England and Wales (with threats from some staff in magistrates' courts to strike as well) and has received little publicity. Government, of any shade, without independent and fully functioning courts of law provides the recipe for dictatorship.

Why are the media so reluctant to publicise this strike? Does the breakdown of the entire legal system in Scotland (it is not only the courts which are affected) and the spread of this action not concern a complaisant majority in the South?

S. P. Best,
British Legal Association.
*29, Church Road, Royal Tunbridge Wells, Kent.*

# Today's Events

**GENERAL**

**UK:** State Opening of Parliament, 11.30 am. House of Commons debate on the Queens' Speech begins at 2.30 pm.

British Institute of Management salary survey of managers and executives.

Lord Thorneycroft, Conservative Party chairman, speaks at British Radio Equipment Manufacturers annual luncheon, Inn on the Park, Park Lane, W1.

Electric power engineers pay talks.

Publication begins of Premium Bond winning numbers for March after delay by industrial action at bonds office in Lytham St. Annes.

Greater London Council annual meeting, County Hall, SE1, 2.30 pm.

General Dental Council meets.

Police Federation conference opens, Winter Gardens, Blackpool.

Civil and Public Service Association conference continues, Conference Centre, Brighton.

Transport Salaried Staffs Association conference continues, The Spa, Scarborough.

**Overseas:** EEC Social Affairs Council meets, Brussels.

Finance Ministry officials and Central Bank officials from Group of 10 industrial nations meet in Paris to discuss proposals for five-year renewal of special deal for lending money to International Monetary Fund.

Zaire Foreign Minister in Brussels for two-day talks with Belgian leaders.

NATO Defence Ministers meeting continues in Brussels.

**OFFICIAL STATISTICS**

Turnover of catering trades (first quarter).

**COMPANY RESULTS**

**Final dividends:** Coats Patons. C. E. Heath. **Interim dividends:** Concentric. Ranks Hovis McDougall. Trafalgar House. **Interim figures:** Commercial Union Assurance. Royal Dutch/Shell Transport. F. W. Woolworth.

**COMPANY MEETINGS**

Associated Biscuit Manufacturers, Great Western Royal Hotel, Paddington, 12.30. William Jacks, Bracknell, Berkshire, 11.30. Macfarlane, 7 West George Street, Glasgow, 12. National Provident Institution, 48 Gracechurch Street, EC, 12.15. Oil Exploration, Great Eastern Hotel, EC, 12. Unicorn Industries, 13 Park Street, Windsor, 12.

# UK COMPANY NEWS

## Unilever well ahead at end of first quarter

PROFIT attributable to the ordinary capital of Unilever rose 33 per cent from £45.6m to £60.7m in the first quarter of 1979 with £29.2m against £27.7m coming from the limited company and £31.5m compared with £17.9m from Unilever N.V.

Earnings per 25p of capital are shown at 16.34p against 12.28p, also an increase of 33 per cent.

At £2.59bn, total sales were up 13 per cent on the same period last year. Volume increased by 7 per cent of which one-third arose from the inclusion of National Starch.

| | First Quarter 1979 £m | 1978 £m |
|---|---|---|
| Third party sales | 2,585.0 | 2,291.0 |
| Limited | 1,003 | 945.0 |
| N.V. | 1,582.0 | 1,346.0 |
| Operating profit | 134.1 | 107.6 |
| Associates share | 12.4 | 14.9 |
| Trade invest. income | 0.2 | 0.4 |
| Interest | 11.1 | 12.7 |
| Profit before tax | 135.6 | 110.2 |
| Group tax | 64.4 | 51.7 |
| Associates tax | 6.0 | 7.4 |
| Tax adjust.: Group | 0.6 | 0.1 |
| Associates | — | 2.2 |
| Minorities pref. divs. | 3.4 | 3.2 |
| Attributable Ordinary | 60.7 | 45.6 |
| Limited | 29.2 | 27.7 |
| N.V. | 31.5 | 17.9 |

Freddie Mansfield

Sir David Orr, chairman of Unilever.

In Europe results improved considerably on the poor first quarter of 1978, despite the bad effect on UK profits of the national industrial unrest in January, the directors report.

All product groups showed a higher operating profit with the exception of paper, plastics and packaging. The detergents business did particularly well.

In North America operating profit increased over the corresponding quarter of 1978 as a result of the inclusion of National Starch. In the other overseas countries total operating profit was satisfactory.

The difficult economic situation in Nigeria is increasingly affecting the results of UAC International.

Tax was at a normal level in contrast to the corresponding period of last year when it was unusually high.

Release of deferred tax provisions under the new UK accounting standard is dependent on the particular circumstances of each company.

In view of Dutch law and the equalisation agreement the continued adoption of provision for all potential tax liabilities is necessary for the concern in its own particular circumstances and therefore the acounts continue to include a full provision for tax.

See Lex

## HIGHLIGHTS

Lex comments on the Unilever first-quarter results, which show that the company has got off to a good start in 1979, with profits up 23 per cent, pre-tax, though the comparison is with a rather dull three months. The underlying volume trend is around 3 per cent. Speculation has hit the oil sector ahead of today's Queen's Speech as rumours spread of the possibilities of higher North Sea taxes and further BP sell-offs. Lex also looks at long-awaited Department of Trade reports on the dealings of companies controlled by financier Christopher Selmes. Elsewhere there is the full-year statement from **French Kier** showing a good rise in profits and a healthier balance sheet, but the inquiry into the ex-gratia relief payment still looks a long way from completion. **Readicut's** profits are up from £7.6m to £9.3m and **Polymark** is higher, despite some sluggish performances among its operating divisons.

## Tubes expects midway fall

DUE TO industrial disruption first quarter 1979 profits of Tube Investments have been reduced and Sir Brian Kellett, chairman, warns that the shortfall will not be recovered by the interim stage.

Speaking at the AGM yesterday he reported that the group had been badly affected in January and February by the disruption arising out of the road haulage strike. Although nearly all the plants were able to keep working, production schedules had to be adjusted to suit available materials and export dispatches were brought virtually to a halt.

The chairman stressed that the frustration of exports was particularly unfortunate when some overseas markets were weakening and sterling exchange rates were *making* British exports less competitive.

While the group had been able to reach reasonable settlements in the current round of wage talks without major disruptions, the chairman pointed out that an eight-week stoppage at British Aluminium's Burntisland chemical alumina plant caused substantial loss of sales and profits to BA.

And he explained that it was a combination of these adverse factors which led to a reduction in first quarter profits.

Sir Brian said that in the confused conditions it had been difficult to interpret the underlying state of markets, except that demand for the group's domestic appliances had continued strong.

## E. J. Riley leaps 66% midyear

A 66 per cent jump in taxable profits from £242,000 to £403,000 is reported by E. J. Riley, manufacturer of billiards tables and other furniture, etc., for the six months to January 31, 1979, on turnover ahead by 27 per cent to £3.1m. In the previous full year, pre-tax surplus reached £497,000.

A divisional breakdown of mid-year profits shows snooker manufacture and maintenance £50,000 (£49,000): snooker clubs £114,000 (£65,000); furniture £205,000 (£114,000): retail shops £30,000 (£3,000); and management services £4,000 (£11,000).

The retail shops' profit is largely derived from the first time contribution of Andor Arts (china and glass retailer) acquired on August 1, 1978.

Mr. J. W. Hindle, the chairman, reports that during the latter part of 1978 there was a marked recovery in the furniture trade and the company's furniture division took full advantage of the more favourable trading conditions—profits for the six months exceeded the £203,000 achieved in the whole of the previous year.

The company's snooker division continued to make considerable progress during the period with its clubs having a particularly successful six months.

After a tax charge of £204,000 (£110,00), net profits for the period improved from £132,000 to £199,000. From stated earnings per 10p share of 3.59 (2.63p), the net interim dividend is lifted from 1p to 1.25p—the directors anticipate raising the final although they point out that the extent of the increase will depend on full year results.

The interim dividend absorbs £69,000 (£50,000) leaving retained profits at mid-year up from £82,000 to £130,000.

Since January 31 the company has sold its retail toy shop which was producing only a small and diminishing return. The directors consider this disposal was achieved on favourable terms but there will be a small terminal loss arising from the transaction and in addition, there may be further amounts to write off in respect of closure of other small subsidiaries last year.

The group's liquidity position has remained "healthy" and gearing and net assets have been improved by the conversion in February of £84,729 of 12 per cent convertible unsecured loan stock 1985 into 254,187 new ordinary shares.

### MR. BUTLER

Mr. Robert Butler has resigned as a director of **Dunbee-Combex-Marx**, the troubled UK toy manufacturer. The announcement comes nearly a month after Mr. Butler was replaced as chief executive of Louis Marx, the group's U.S. subsidiary which is incurring hefty losses.

## London Life lifts bonus

The London Life Association is making significant increases on its terminal bonus rates, payable on death or maturity claims. On its ordinary reversionary bonus contracts, the rate is lifted from 35 per cent of attaching bonuses with a maximum of 45 per cent of the basic benefit, to 40 per cent of attaching bonuses with a maximum of 58 per cent of the basic sum assured.

On pension contracts the rate is lifted to 29 per cent of attaching bonuses from 25 per cent. Substantial increases are made in the reduction of premium series.

## AF sees improved trend

Associated Fisheries was seeing an improvement on last year's bad results, said Mr. Paul Tapscott, the retiring chairman at the AGM yesterday.

The rising trend in non-fishing profits had continued and trawling was recovering following "the heavy reduction in human and physical assets." However, the expulsion of all EEC ships from Norwegian waters a few days ago would seriously harm the profits which voyages at this time of year would normally produce.

In Australia, the exploratory phase Southern Ocean Fish Processors Pty, an associate, could be continued because the Western Australian Government had offered a A$2.5m bankers guarantee.

There was some shareholder criticism of the Board for the company's profit record.

## Cater Ryder behind

PROFITS OF Cater Ryder, bill broker and banker, were down at £1.51m or the year ended April 30, 1979, compared with £1.73m, after providing for rebate, tax and transfer to contingencies.

At halfway the directors said that the increase in MLR had resulted in difficult trading conditions and that profits were considerably lower than the previous year.

The dividend is effectively raised to 18.8833p (17.10532p) net per £1 share with a final payment of 14.7794p.

Balance brought forward from last year of £1.47m (£1.08m) made a total of £2.99m, compared with £2.81m.

After a transfer to reserve of £500,000 (nil), capital issue £540,571 last time and cost of dividends, the balance carried forward was £1.61m, against £1.47m.

## Estates & General at £0.86m

INCLUDING results of County and Suburban Holdings for the second half, pre-tax profits of Estates and General Investments finished well ahead for the whole of 1978 at £857,389 against £331,590. Turnover, including property development of £2.63m compared with £1.6m, was up from £2.47m to £3.62m.

The directors say that the same rate of progress in 1979 cannot be anticipated.

At halfway—profits were £107,000 (£90,000)—the directors felt that results for the full year would show an improvement on the £525,000 aggregate of profits of Estates and General and Suburban for 1977.

Earnings per 20p share at the year end are shown as 3.99p (1.2p) and the dividend is stepped up to 1.2p (1p) net with a final of 0.7p.

There was an extraordinary credit of £87,000 for the period (£165,695 debit) relating to the settlement of the company's claim against a third party in respect of the loss sustained in 1977 on the sale of the Victoria Hotel, Nottingham.

After this item earnings are given as 3.63p (0.4p).

Pre-tax figure included £4,487 (£73,171 loss) from hotel trading, which has now ceased, and a £40,819 (nil) surplus on disposal of investment properties.

After the extraordinary items, tax, minorities and capital reserve transfer the attributable balance came through at £418,159 compared with a previous £125,837.

After allowing for minority interest, a valuation of the company's investment portfolio, carried out by director since the year end, resulted in a surplus of some £1.95m which has been credited to capital reserves.

On this basis the net asset value per share is 52p, as at December 31, 1978.

## German recovery helps Readicut top £9.3m

GROWTH has been achieved by Readicut International in the year ended March 31, 1979. Group profit, before tax, shows an increase of 22.7 per cent to a record £9.31m, on a turnover 13.5 per cent ahead at £86.95m.

When reporting an increase from £2.45m to £3.73m at halfway the directors said that they were confident that the full-year's profit would show a very satisfactory increase.

Within the sales figure the overseas content is up 8.1 per cent to £29.84m and exports rose by 10 per cent to £23.95m. Earnings per 5p share are shown to be up from 5.7p to 10.1p.

The final dividend is 1.2444p which raises the total from 1.586p to 1.771p.

| | 1978-79 £000 | 1977-78 £000 |
|---|---|---|
| External sales | 86,951 | 76,380 |
| Retail profit | 1,719 | 1,536 |
| Manufacturing:— | | |
| Textiles | 2,612 | 2,154 |
| Yarns | 418 | 592 |
| Others | 2,126 | 1,560 |
| Carpets | 943 | 593 |
| Overseas | 1,760 | 1,422 |
| Total profit | 9,576 | 7,859 |
| Loan interest | 267 | 273 |
| Profit before tax | 9,309 | 7,586 |
| Tax | 1,514 | *3,151 |
| Net profit | 7,795 | 4,435 |
| Extraordinary debits | 331 | †171 |
| Preference dividends | 32 | 32 |
| Ordinary dividends | 1,363 | 1,220 |
| Retained | 6,069 | 3,254 |

* Restated following the adoption of SSAP 15 on deferred tax. † Credits.

Commenting on the divisions the directors report that in textiles manufacture exports have continued to expand at a healthy rate and show a 20 per cent increase. A major area of this expansion has been into West Germany.

The lower yarns contribution was due to the weak demand for weaving resulting from overcapacity in the carpet industry. The directors state that the current year's outlook is more promising. Order books are stronger and home trade prospects better.

On the carpet manufacturing side Firth Carpets increased its turnover, most of which came from sales of tufted carpet in the domestic sector. This company produced a record result and profits of the division advanced by 56 per cent.

The major turnround in the overseas division has come from the German market followed by France and Austria which also produced much higher profits. North America and Switzerland achieved similar results to last year.

Investment in fixed assets during the year totalled £6.09m and expenditure authorised for the current year amounts to £5.5m.

### ● comment

Final results from Readicut International look modest after the spectacular 52 per cent rise in pre-tax profits announced at the half-way stage. Nonetheless, a longer view shows consistent growth in most areas and the company's cautious diversification away from the retailing of rug-kits is clearly paying dividends. Except for the yarns division, which continues to suffer from overcapacity in the carpet industry, the manufacturing side recorded a strong rise in earnings, with Plasticisers doubling pre-tax profits to £700,000, largely on improved volume. Readicut has high hopes for this sector, with market growth now concentrated at the cheap end of the carpet market, though oil price rises are causing some nervousness at present. The haulage strike hit second half profits but the effect of the Ford stoppage on car carpet sales was largely offset by a boost in exports. Overall, West Germany showed the strongest improvement, benefiting from a marketing drive, while the U.S. dragged its feet with the company incurring some £75,000 in foreign exchange losses. At 55p, the shares yield 5 per cent, below the sector average, while on the stated 16 per cent tax charge, the p/e is 5.3.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| J. Beattie | 3.11‡ | June 6 | 2.83 | 3.11 | 2.83 |
| Bishopsgate Tst. | 4.75 | July 2 | 4.25 | 6.95 | 6.25 |
| Cakebread Robey | 1.32 | July 10 | 1.35 | 1.82 | 1.65 |
| Caplan Profile ... int. | 2.25 | July 20 | 1.5 | — | 5.39 |
| Cater Ryder | 14.78 | July 5 | *12.87 | 18.88 | 17.71* |
| Estates & General | 0.7 | July 4 | — | 1.2 | 1 |
| French Kier | 1.1 | — | 1 | 1.93 | 1.75 |
| Land Investors ... int. | 0.2 | July 30 | 0.2 | — | 1 |
| Polymark | 1.52 | Nov. 1 | 1.4 | 3.04 | 2.76 |
| Readicut | 1.24 | — | 1.11 | 1.77 | 1.59 |
| E. J. Riley ... int. | 1.25 | July 4 | 1 | — | 2.6 |
| Tysons (Contractors) | 2.12 | July 2 | 2.12 | 2.12 | 2.12 |
| Young Co.'s Trust | 2.6 | July 6 | 2.3 | 4.2 | 3.63 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.03808p for 1977-78.

## Polymark finishes 32% ahead: confident of further growth

SOLID GROWTH in all divisions, except agricultural machinery, lifted taxable profits of Polymark International by 32 per cent from £849,000 to a record £1.12m for 1978. Turnover went ahead to £15.43m against a previous £12.46m.

The directors are confident that increased manufacturing capacity and greater sales penetration in 1979 will lead to further sizeable growth, particularly in the group's laundry and Transtat labelling divisions.

At halfway, profits were up from £400,000 to £423,000 and the directors were confident that the full year would be one of significant growth.

Stated earnings per 10p share are 10.06p (6.92p) and a final payment of 1.52p net steps up the dividend total from 2.76375p to 3.04p, the maximum allowed. With a present cover of 3.3 the directors would, in the future, recommend a higher increase if restraints were removed.

Pre-tax figure for the year was subject to UK tax of £163,000 (£270,000), overseas £390,000 (£194,000) and minorities £24,000 (£10,000).

Exchange gains for the period of £71,000 (£77,000 losses) boosted the balance to £616,000 (£298,000), and after dividend costs of £167,000 against £150,000 the amount retained came through at £449,000 compared with £146,000.

A property revaluation resulted in a surplus of £500,000.

| | 1978 £000 | 1977 £000 |
|---|---|---|
| Turnover | 15,426 | 12,461 |
| Profit before tax | 1,122 | 849 |
| UK tax | 163 | 270 |
| Overseas | 390 | 194 |
| Net profit | 569 | 385 |
| Minority interests | 24 | 10 |
| Exchange gains | 71 | *77 |
| Dividends | 167 | 150 |
| Leaving | 449 | 148 |

* Losses.

### ● comment

Supplying laundry equipment to hospitals in France and Holland helped Polymark's 1978 figures. The UK sales were slightly down and margins were under pressure but on the continent the reverse was the case. Bicycle sales in France were a little below budget but still a creditable 20 per cent ahead of 1977 in value terms. The Transtat labelling division was also below expectations. Sales were about 14 per cent better but factories were running light for most of the year because sportswear makers—a major group of customers—were having a flat time. Moreover, the cold wet spring hit agricultural machinery sales throughout Europe. Prospects for 1979 are reasonably bright with some upturn expected in the UK and a first time contribution from the recently acquired German washing machine distributor. The shares, up 4p to 60p, have a yield of 7.8 and a p/e of 5.8. With directors hinting at a higher payout should controls be lifted, the shares look attractive.

## Caplan profile well ahead

GROUP profits of Caplan Profile, office furniture and expanded polystyrene manufacturer, are £812,397 for the first half to February 1979, 57 per cent up on £517,206.

After tax of £226,160 (£264,130), net profit is £586,219 (£253,076). Earnings are shown as 18.78p, against 7.67p per share.

The interim dividend is 2.25p per share, up 50 per cent on the 1.5p of last year. If the full year's profits show the same rate of growth, the directors expect to recommend a final increased by the same proportion, subject to whatever legislation then exists.

Group turnover was £4,374,002 against £2,670,576; but this year's figures include Profile Expanded Plastics Limited (Canada), which became a wholly owned subsidiary in June 1978.

At an EGM on June 5, the Board will propose a 1-for-2 scrip issue of 1,500,000 new shares of 10p each.

Directors say that they are confidently expecting another record year.

## Cakebread Robey up to £0.79m

FOLLOWING AN advance from £182,569 to £310,286 at mid-year, profits before tax of Cakebread Robey and Company, builders' and timber merchant, reached a record £790,159 for 1978, compared with £525,961. Turnover rose by £1.7m to £14.2m.

Stated earnings per 10p share were better at 7.3p against 4.3p, while the net dividend total is stepped up from 1.65p to 1.82p with a 1.32p final.

Net profits increased from £302,851 to £447,542, after tax of £342,647 (£223,110).

## Land Investors up at halfway

Profits before tax of Land Investors, property investment and development concern, advanced from £1,144,000 to £1,261,000 for the six months to September 28, 1978.

The net interim dividend is kept as 0.2p per 25p share—the previous year's final was 0.8p on record £2,331,000 pre-tax profits.

# French Kier ahead 25%—contract inquiry delayed

THE DEPARTMENT of the Environment inquiry into the motorway and trunk road contracts for which construction group, French Kier Holdings, requested Government support finance in 1975 has been delayed by the "interpretation of the variation of price clauses within some of the specified contracts tendered for before 1974." At the same time, the group announces a 25 per cent rise to £7.58m in pre-tax profits for 1978 and a substantial improvement in balance sheet strength.

Mr. John Mott, chairman of French Kier, stated yesterday that "I have been advised by the police that they have been instructed to examine the circumstances leading up to the requests made in 1974 by W. and C. French (Construction) a French Kier subsidiary, for ex gratia relief. This amounted to £9.5m although the group has already made an early repayment of a £4.5m convertible loan from the Department.

The group says the Department has made referrals to the Independent Engineers appointed to examine the identified interpretative differences concerning "the true meaning and intent of these variations of price clauses."

"It is possible," the chairman added, "that these differences will have a bearing on the outcome of the inquiries and may eventually need to be resolved by civil processes."

"Meanwhile, the Department has withheld a sum in excess of £500,000 against payment certificates issued on these contracts. The sum withheld has not been brought into the group's accounts."

*The certificates are understood* to include *payments for stone* delivered to a site by French Kier on behalf of a supplier and discount rebates for the bulk purchase of raw materials such as bitumen. French Kier contends that these items have been *deducted from the market price* of the contracts which, the group stresses, is at variance with the construction industry's treatment of variation of price contracts before the Baxter clauses were introduced in 1973.

Although the Department inquiry remains in limbo, Mr. Mott has been advised that "no allegations have been made against the companies concerned" as a result of the police examination of the circumstances leading up to W. and C. French's request for ex gratia relief.

The group increased pre-tax profits by a quarter to £7.53m in 1978 while earnings climbed by 30 per cent to 8.3p. Shareholders funds have been raised to a peak level of £23.2m, long and short-term debts have been reduced by £25.3m over the last five years and the overall bank and cash position has improved by £9.5m to £11.2m.

The anticipated net final dividend of 1.1p lifts the net total from 1.75p to 1.925p per share.

### ● comment

Lengthy official investigations are almost invariably a share price depressant and, on a fully taxed p/e of 4.4 and a yield of 7.9 per cent at 37½p, French Kier is no exception. But, while the enquiry into the circumstances relating to the ex-gratia relief payment in 1975 has all the hallmarks of a saga, the group has achieved a substantially healthier balance sheet, though elimination in property and found a solution to the many technical difficulties on the Hong Kong Mass Transit Railway contract. The break even on property activities, worth £1.7m, was almost exactly offset by a downturn in UK construction to £4.1m and it was left to the overseas construction arm to make most of the running with profits of £3m. With a UK order book of £134m, against £123m, French Kier is confident of further progress this year but much depends on the incidence of contract completions. The timing of these did much to boost the overseas contribution last year and, conversely, was largely responsible for the downturn at the Robert Marriott subsidiary in the home market. Arctic conditions at the beginning of this year may delay the finish of many contracts until 1980.

## BOARD MEETINGS

TODAY

Interims: Concentric, NSS Newsagents, Pentland Investment Trust, Ranks Hovis McDougall, Trafalgar House.

Finals: Ambrose Investment Trust, Bulmer and Lumb, Coats Patons, Gieves Group, Hambros Investment Trust, C. E. Heath, Hield Brothers, Inter-City Investment, Walter Runciman, Scottish Northern Investment Trust.

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Plaxton's (Scarborough) | May 21 |
| Readfearn National Glass | May 23 |
| Scottish American Investment | June 13 |
| Stockholders Investment Tst. | May 17 |
| Finals— | |
| British Syphon | May 23 |
| Campbell and Isherwood | May 16 |
| Courtaulds | May 24 |
| Fidelity Radio | May 16 |
| Imperial Cold Storage | May 21 |
| London & Overseas Freighters | June 5 |
| London Trust | May 16 |
| Scottish European Investment | May 18 |
| Transparent Paper | May 30 |
| Young and Co.'s Brewery | May 31 |

# Stag Line loss bigger at midway

AN INCREASED loss is reported by Stag Line, the shipowning concern, for the six months to April 30, 1979. Pre-tax deficit was up from £157,361 to £483,006, on reduced turnover of £1,063,299 compared with £1,912,130.

The loss was struck after depreciation, £256,000 (£101,940), loan interest of £168,274 (nil), exceptional debits last time of £125,474, and included investment income up from £28,866 to £81,000.

Tax credits were higher at £251,163 against £31,828, while net loss increased from £75,533 to £231,843, representing a deficit per £1 share more than trebled from 6.13p to 18.79p.

The directors say any dividend payment for the current year will be considered when full year results are known. Last year a single final of 0.5p was paid on £519,327 pre-tax profit, which included £678,418 exceptional credits.

# Clydesdale Inv. ahead after six months

Revenue before tax of the Clydesdale Investment Company, a Murray Johnstone investment trust, improved by 12 per cent to £1.05m in the six months ended March 31, 1979.

After tax of £441,577 (£380,909), the net revenue amounts to £611,279 against £557,866. Based on 58.09m (57.89m) 25p shares, earnings for the year to September 30, 1979, are estimated at 2.10p (2.0p).

An increased interim dividend of 0.7p (0.6p) has already been announced — the total for 1977/78 was 1.9 on pre-tax revenue of £2.11m.

Net assets at March 31 amounted to £65.29m (£67.24m at September 30, 1978), including the full dollar premium of £6.72m (£10.83m). Net asset value per share was 106.1p (109.8p).

U.K. equity investments now represent 40.84 per cent of the portfolio compared with 33.12 per cent at September 30, 1978. Equity investment in the U.S. has fallen from 37.60 per cent to 34.52 per cent and the proportion invested in Japan has also dropped to 12.90 per cent from 15.53 per cent.

# Further advance for Huntleigh

*PRESENT* expectation at Huntleigh Group is that a further advance in turnover and profit will be achieved for the current year.

Sir Joseph Hunt, chairman, tells shareholders that demand is strong in the major ongoing companies and they are less exposed than most to the generally depressed economic conditions. There is the prospect of the loss-making companies improving their position; the other companies are currently in profitable growth.

The chairman adds that second half 1979 results are likely to be better than the first period and that a further assessment will be made at the AGM.

As already known taxable profit for 1978 were up from £757,152 to £950,481 on turnover of £8.58m against £6.76m. The dividend is increased to 0.76p (0.67p). On a CCA basis profit is reduced to £735,147 (£453,858) after depreciation £64,468 (£66,791), cost of sales adjustment £168,866 (£224,833) less the gearing factor £18,000 (£25,100).

Sir Joseph explains the increase in profit was after substantial expenditure in supporting the growth of Flowtron Aire (now Huntleigh Medical) and its marketing arm in the U.S., and in developing its specialist electronic measuring and control subsidiary, Setpoint.

The restructuring of the three Hymatic companies has been successfully completed, and all performed satisfactorily, he states. Hymatic Engineering is now embarked upon a long-term programme of growth and investment which includes the move into a larger purpose-built factory during 1980.

Favourable market trends in the semi-conductor industry helped Micro-Image Technology, ultra-pure chemical specialist, to "enjoy a very successful year with a strong advance in both turnover and profits." During the current year the company's clean room protective clothing service is to be expanded.

Edinron electronic component sector fulfilled expectations and made a major contribution to group profits.

The Setpoint investment programme will continue to be a drain on group resources, although given a successful outcome to the several developments in hand the business is expected to turn into profit during the second half of the current year.

Flowtron Aire is still considered by the directors to be in the investment phase, although it is also expected to make a contribution to profits in 1979. During the past year this medical systems and equipment company moved into larger premises and its senior management was strengthened.

Distribution of the company's products in the U.S. has been expanded with the establishment of new warehouses convenient to both the East and West Coast markets. "Sales in the U.S. have increased substantially," Sir Joseph says.

Meeting, Howard Hotel, WC, June 6 at noon.

# Revenue up at Young Companies

For the year ended March 31, 1979, revenue of the Young Companies Investment Trust improved from £348,128 to £425,721 before tax of £138,692 against £117,939.

Basic earnings per £1 share are shown at 4.42p compared with 3.54p and the final dividend is 2.6p lifting the total from 3.65p to 4.2p.

At the year-end, revenue reserve increased by £14,029 against a £7,061 decrease previously.

At May 8, 1979, net asset value per share at market value was 140.7p against 133p at March 31 and 93p a year earlier.

# Bishopsgate Trust revenue rise

Pre-tax revenue of Bishopsgate Trust rose from £847,465 to £921,079 for the year ended March 31, 1979, and a 4.75p final lifts the dividend to 6.95p net per 25p share against a previous 6.25p.

Tax charge is £323,366 (£306,948) after which earnings are shown as 7.1p (6.37p) per share. Net asset value is 302.1p (235.7p).

# G.R. (HOLDINGS)

INTERIM and preference dividend payments of G.R. (Holdings) for the half year ended December 31, 1978, totalled £125,363 (£52,720). In yesterday's report these figures were incorrectly given as the amount retained.

## RESULTS AND ACCOUNTS IN BRIEF

LEYLAND PAINT AND WALLPAPER—Results for 1978 with prospects reported March 30. On C.C.A. basis, historical pre-tax profit £2.55m (£1.68m for 65 weeks) adjusted to £2.19m (£1.19m). Group fixed assets £3.83m (£2.77m), net current assets £3.89m (£3.68m). Meeting, Leyland, May 30, 2.30 pm.

EXPLORATION COMPANY — Results for 1978 reported May 4. Group investments £2.6m (£2.33m) of which £2.31m (£2.11m) listed in UK. Current assets £123,505 (£143,239), liabilities £313,363 (£257,699). Net assets £3.37m (£2.99m). Bank overdraft nil (£130,860). Net liquid funds increased by £169,894 (£290,390 decrease). Meeting, Cavalry Club, W, May 31, 11 am.

MODERN ENGINEERS OF BRISTOL (HOLDINGS)—Results for 1978 reported April 20. Group fixed assets £437,494 (£382,818), net current assets £1,140,837 (£983,696). Net liquid funds decreased £258,405 (£157,003 increase). Dr. I. W. Adler retires as chairman, succeeded by Mr. John Adler. Meeting, Bristol, June 1 at noon.

BESTOBELL (engineering and chemicals group)—Results already known. Group fixed assets £12.73m (£10.1m). Net current assets £19.8m (£19.7m)—overdrafts and acceptance credits £6.7m (£4.6m). Decrease in net liquid resources £2.7m (£1.04m). Compensation for loss of office—other offices £54 000, includes £24,426 paid to group pension fund to augment future pension schemes. Meeting, Slough, June 1, at 11 am.

HOSKINS AND HORTON (builder and contractor and civil engineer)—Results for 1978 reported April 25. Group fixed assets £2.2m (£2.09m), net current assets £2.68m (£1.55m). Bank overdraft £3,145 (£168,238). Bank and cash balances increased £316,089 (£18,942). At April 9, 1979, Britannic Assurance Company held 12.7 per cent of ordinary equity. Meeting, Birmingham, May 31, at 12.30 pm.

GREENBANK TRUST—Results for 1978 already known. Investments £721,124 (£683,860) of which £711,654 (£668,250) quoted. Meeting, Liverpool, June 14 at 3 pm.

BENTALLS (stores)—Results year ended February 3, 1979 reported April 20. Group fixed assets £11.4m (£10.23m). Net current assets £3.71m (£3.63m). Proposed to convert stock units into shares and to increase the authorised capital to £5m. Current cost statement shows adjusted profit before tax of £1.36m (£1.56m) after additional depreciation £672,000 (£601,000), cost of sales adjustment £531,000 (£480,000). Meeting Kingston upon Thames, June 1 at noon.

WILSON (CONNOLLY) (building and property)—Results for 1978 published April 21. Fixed assets £5.25m (£5.66m). Net current assets £12.95m (£9.9m)—property and land held for development £9.48m (£8.6m). Increase in net cash balances and short-term deposits £151,000 (£102,000). Chairman looking for improvement on 1978. Meeting, Northampton, May 25, noon.

BLACK AND EDGINGTON—Results for 1978 already reported. Fixed assets £12.82m (£8.15m). Net current assets £6.87m (£6.23m). Historical pre-tax profit of £2.19m reduced to £1.58m CCA. Meeting, St. Ermin's Hotel, SW, June 14, noon.

SCOTTISH TELEVISION—Results for 1978 reported on April 7, 1979. Fixed assets £5.3m (£5.6m). Net current assets £2.4m (£1.73m). Increase in cash and bank balances £783,461 (£312,667). Meeting, Glasgow, June 1 at noon.

BERRY PACIFIC (STERLING) FUND—Net income year ended March 31, 1979, £259,853.

NORTH MIDLAND CONSTRUCTION—Interim dividend 0.45p (same). Turnover half-year to February 28, 1979, £2,282,445 (£2,021,970). Profit £25,139 (£26,527) after tax £27,234 (£28,732). Earnings per share 1.5p (1.5p).

CULLEN'S STORES—Dividend 0.67p per Ordinary and "A" Ordinary, payable June 8.

PICCADILLY THEATRE — Dividend 1.78p for 1978 (same). Turnover £156,958 (£123,719). *Profit £77,030 (£68,303)* before tax £40,762 (£35,157). Earnings 4p (3.3p) per share.

OFFICE AND ELECTRONIC MACHINES—Results for 1978 reported April 24. Fixed assets, £956,258 (£597,407). Current assets, £11.49m (£9.68m) and liabilities, £4.07m (£3.38m). Chairman says turnover for first months of 1979 already shows *useful* increase over 1978. Meeting, Winchester House, EC, June 6 at noon.

GILL AND DUFFUS GROUP (commodity broker, merchant and processor). Results for 1978 reported April 11. Fixed assets £12.2m (£8.4m). Net current assets £56.7m (£48.3m). Meeting, St. Dunstan's House, Borough High Street, SE, on June 5, at noon.

CURRY'S (electrical goods, etc.)—Results for year ended January 24, 1979, reported April 18. Group fixed assets *£20.01m (£18.52m), net current assets* £29.64m (£24.19m). Meeting, 46, Uxbridge Road, W, June 4, at 12.30 pm.

HOPKINSONS HOLDINGS (valves, boiler mountings)—Results for year ended February 2, 1979, reported April 26. Group fixed assets £6.34m (£5.7m), current assets £28.73m (£27.5m), current liabilities £11.73m *(£11.39m). Chairman says group has,* since start of current year, secured substantial contracts. Meeting, Huddersfield, June 8, at noon.

WARD WHITE GROUP (footwear, etc.)—Results for 1978 reported March 31. Group fixed assets £10.12m (£7.46m), net current assets £10.83m (£8.15m). Meeting, Berkeley Hotel, *SW, June 12, at noon.*

F. J. C. LILLEY (building, civil engineering)—Results for January 31, 1979, year reported April 6. Fixed assets £6.82m (same), net current assets *£9.91m (£6.39m). Net liquid* funds increased £2.31m (£108,000 decrease). Meeting, Glasgow, June 4, at noon.

*T. C. HARRISON (Ford main dealer)*—Figures reported on April 26. Fixed assets £8.3m (£4.2m). Net current assets £6.44m (£5.13m). Decrease in bank loans and overdrafts £185,000 *(£574,000 increase). Meeting, Sheffield,* June 6, at 2 pm.

DAVIES AND NEWMAN HOLDINGS (shipbroker, ship agent, Dan-Air air*line* operator)—Results for 1978 reported May 2, in preliminary statement with prospects. Group fixed assets £2.66m *(£2.52m)*, net current assets £1.26m *(£2.0m liabilities)*. Net *liquid funds increased £1.99m (£1.97m* decrease). Meeting, Great Eastern Hotel, EC, on June 7, at noon.

SUPRA GROUP (motor vehicle com*ponents, paints)*—Results for November 30, 1978, year reported April 20. Group fixed assets £3.05m (£1.78m), net current assets £1.32m (£0.9m). Meeting, Coventry, May 25, at noon.

FOTHERGILL AND HARVEY (fluorocarbon products, fibre reinforced composites, industrial synthetic textiles)—Results for 1978 reported April 11. Fixed assets *£3.19m (£2.33m). Net* current assets *£4.47m* (£3.8m). Chairman says that with developments in hand, group has planned for further *profits growth*, but *not at record* rate of 1978. Meeting, Manchester, June 1, at 12.30 pm.

G. W. SPARROW AND SONS *(crane hire)—Results for* 1978 *already* known. Group fixed assets £15.57m (£15.83m), net current assets £2.49m (£725,000). Meeting, Lansdown Grove Hotel, Bath, June 1, at noon.

UNITED CAPITALS INVESTMENT TRUST—Results for 1978 already reported. Investments £1.03m (£1.15m). Appreciation over cost, £329,194 (£225,295). Meeting, Cardiff, May 31 at 12.30 pm.

JAMES NEILL HOLDINGS (toolmaker, general engineer)—Results for 1978 reported May 5 in preliminary statement with prospects. Group fixed assets £20.61m (£17.99m), net current assets £28.02m (£23.43m). Shareholders' funds *£52.52m (£27.07m). Net liquid* funds decreased £1.81m (£392,000). Meeting, Cannock, Staffs, June 6 at noon.

MINING NEWS

# Falconbridge boosting McIntyre earnings

BY KENNETH MARSTON, MINING EDITOR

THE brighter earnings picture at the 37-per-cent-owned **Falconbridge Nickel** is being reflected in profits of *McIntyre Mines* reports **John Soganich** from **Toronto** in his latest Canadian mining news round-up. First quarter earnings of McIntyre have advanced to C$7.9m (£3.3m), or C$3.32 (£1.39) per share, compared with a loss of C$0.6m in the same period of 1978.

McIntyre's coal operations in Alberta did less well in the latest quarter, earning C$0.5m against *C$0.8m* a year ago. *Coal* sales this year are expected to be about 1.25m tons compared with 1.53m tons in 1978. Superior Oil of Houston, Texas, now controls 44.4 per cent of McIntyre.

* * *

**Hollinger Mines** expects "much improved" earnings this year. In 1978, results were hit by the four-month strike at **Iron Ore Company of Canada** which mines, processes and sells the iron ore from Hollinger group concessions in Quebec and Labrador. Hollinger's first quarter profit amounts to C$3.9m, or 80 cents per share, against C$2.6m a year ago. **Labrador Mining**, 61 per cent owned by Hollinger, has earned C$4.3m in the first quarter against C$3m.

* * *

Negotiations between **Cominco** and the United Steelworkers Union are reported continuing at the Trail and Kimberley operations in southern British Columbia. The union says that it will not sign a contract that "would break up" what it regards as co-ordinated bargaining with other steelworkers' locals at other Cominco units—Fording Coal at Elkford, BC, and the Vade Potash mine in Saskatchewan. The Fording men are understood to have voted 97 per cent to reject a three-year contract offer.

Meanwhile another Cominco unit, **Pine Point Mines**, is to pay a half-yearly dividend of *C$2.50; it compares with 75 cents* a year ago and C$1 in December.

* * *

The owners of the Blizzard uranium deposit in southern British Columbia are now thinking in terms of an open-cut operation to produce about 1m pounds of uranium oxide per year.

Drilling results to date indicate a "commercial uranium deposit" with about 2.1m tonnes of ore with an average diluted grade of 0.227 per cent uranium oxide (five pounds per tonne), which gives a total reserve of about 10.5m pounds.

The **Noreen** joint venture group has spent C$1.6m and has earned a 70 per cent interest in the property. Because special care must be taken to protect the environment, the capital cost to production is estimated at C$50m. Operating costs—according to Lacana which has 30 per cent of the venture—will fluctuate "from year to year," but should average about $30 per tonne.

Lacana's conclusion is that: "With the favourable location, high-grade nature of the ore and simple recovery methods, there is little doubt that the Blizzard will be a profitable venture."

* * *

With more reasonable metal prices, **Noranda Mines** now plans to bring several small mines into production. Its Chadbourne gold property at Noranda, Quebec, is *scheduled for a production start* in July at a rate of 700 tons per day. It has a reserve of 1.1m tons with a grade of 0.14 oz gold per ton.

The company also plans to utilise the concentrator capacity at Noranda to process ores from several smaller orebodies in the district.

In the Sturgeon Lake district of northwest Ontario, the development programme at the Lyon Lake property (which has come in through Mattagami Lake Mines) will be reinstated. It is near the 60 per cent-owned Mattabi mine.

The Lyon Lake deposit "of at least" 4m tons of ore with 6 per cent zinc, one per cent copper and 3 oz silver per ton will probably begin production in July, 1980, at 1,000 tons per day. The nearby "F" Group deposit, 600,000 tons of slightly lower grade, will begin production in 1981.

The Tara mine in Ireland is expected to be profitable this year "at present prices."

The big Gaspe copper complex in eastern Quebec, on strike since October 17, had a net loss for the fourth successive year in 1978. But if present prices prevail, it should be profitable on resumption of production, officials say.

## ROUND-UP

**The Consolidated Gold Fields** group has extended its U.S. interests with the acquisiion of **The Deitch Company**, a scrap metals processing company, by **Azcon**, a group subsidiary active in the steel distribution and manufacturing business. Deitch has an annual turnove of about $16m (£7.83m).

* * *

**Car Boyd Minerals** and **Hill Mineals**, the Australian exploration companies, claim to have found a new region in Western Australia which has a good potential for diamonds. Chrome-rich pyrope garnets, indicative of kimberlite intrusions, have been found south of the Sylvania Dome, in the Peak Hill Goldfield district.

* * *

Carr Boyd and **Otter Exploration** have meanwhile reached an agreement with **Esso Australia** for a joint uranium exploration venture in the Northern Terittory.

* * *

A new region in Western Australia with a potential for diamonds, has been discovered by joint venturers **Carr Boyd Minerals** and **Hill Minerals**. Chrome-rich pyrope garnets located by the partners in the Peak Hill Goldfield District south of the Sylvania Dome, are considered "positive indications of kimberlite intrusions in the area." Sampling has yielded a total of five pyrope garnets from two sample sites each from a different river drainage system. Carr Boyd also announced that it has entered an agreement with **Esso Australia** for uranium exploration on prospects held by that company and **Otter Exploration** in the Northern Territory.

# TR business at high level

THE CURRENT year is going to be another very bus yone for **Telephone Rentals**, according to Mr. E. H. Cooper, the chairman. He says that in view of the excellent order intake last year the group enters 1979 with heavy installation programmes so far as the UK, the U.S. and Eire are concerned.

While some disruption was caused to installation programmes in the UK in the first quarter by weather and the transport strike, new rental business secured during the quarter throughout the group was at a very high level and well above expectations. New sales business has yet to reach 1978's record at this stage but the outlook is favourable.

In 1978 group profit before tax increased from £9.55m to £10.92m. The chairman says that the group performed well with both new rentals and new sale business secured being ahead of the 1977 record. Also some of the ground lost in the UK towards the end of 1977 in the installation programmes was recovered.

Owing to supply difficulties and an industrial dispute at the Post Office PABX completions were adversely affected and it will probably be the end of the year before the situation has righted itself and the group's programmes are running according to plan. Rental installation work proceeded well and much to plan, says Mr. Cooper.

The chairman is looking for further progress in Australia, Canada and France during the current year. In Eire prospects are good although the continuing *rise in* costs give cause for concern.

Now that the South African economy is improving there should be further useful progress there this year. Excellent progress was made in the U.S. with pre-tax profits beginning to approach the sort of return on capital employed required. In view of these results it is intended to gradually expand the area of operations beyond *Buffalo*.

Capital expenditure in 1979 other than on installations is expected to be some £925,000

During the year group liquid resources showed a small reduction of £63,000 compared with a reduction of £1.11m last year. Forecasts indicate that funds available are sufficient to finance the continuing high level of business being secured.

At the year end investments and deposits amounted to £1.95m (£2.35m) and cash £0.74m (£0.43m).

Meeting, Milton Keynes (Bucks.), June 7 at noon.

# Austin Reed looks for profitable progress

Retail sales of menswear at the **Austin Reed Group** are still quite buoyant and autumn order books look pretty healthy, Mr. Barry Reed, the chairman, reveals in his annual report.

The shops and manufacturing companies have started the present season reasonably well and there seems no reason why the group should not enjoy another year of profitable progress, says Mr. Reed.

For the year ended January 31, 1979, profits before tax rose from £2.53m to £3.43m on turnover of £38.29m against £33.06m. A one-for-two scrip issue is also proposed.

The chairman says the Chester Barrie acquisition may well prove to be a catalyst in the group's future growth and development—he is confident the new group will bring fresh opportunities and make a valuable contribution in the next decade.

The Chester Barrie factory at Crewe was bought for £800,000 while the freehold of the Austin Reed premises in Sackville Street, W, was purchased for £1.25m.

The retail store and freehold property in Copenhagen was sold and the sum received matched the Sackville Street purchase.

A professional revaluation of group freehold and leasehold properties shows a surplus of £2.8m which together with revised property values, has been incorporated in the accounts.

On subscription account finance, the chairman says the interest charge of 1.5 per cent per month or 19.5 per cent per annum on outstanding balances remains very competitive. However if general interest rates become too high, the charge may be adjusted more in line with the credit card market as a whole.

The 42 shops in the UK and Ireland increased turnover by 14 per cent and from virtually nil two years ago, it is expected that womenswear turnover will exceed £1.5m this year.

Meeting, 103-113 Regent Street, W, June 7 at noon.







هكذا من الأصل

# UK COMPANY NEWS

## BIDS AND DEALS

# Wellman paying nearly £6m for division of GE

BY JAMES BARTHOLOMEW

Wellman Engineering Corporation has agreed to buy a division of General Electric Company of the U.S. in a major expansion move.

Subject to a satisfactory accountants report and other conditions, Wellman, the thermal and mechanical engineer, has agreed to buy the business and certain assets of the industrial heating department of GE. The expected cost is about $12m (£5.9m) which is only slightly less than Wellman's 1978 net assets.

But the resulting borrowings of Wellman should not be excessive, said Mr. Alan Hopkins, chairman of Wellman, yesterday, since Wellman had over £2.4m cash and deposits in last year's balance sheet and the acquisition did not include any debt.

The benefits of the purchase would be a base in the U.S. for the sale of Wellman's gas producers and an exchange of technology between the two groups, Mr. Hopkins said.

The gas producers had a tremendous opportunity in the U.S. market. They converted low-grade coal into gas, a process which had become attractive following the rise in oil prices. Wellman make relatively small scale producers which can be used as a stand-by source of power. They cost about $2m to $3m. One had already been sold to Caterpillar Tractor in the U.S.

The two groups could exchange technology because the GE department made electric furnaces whereas Wellman produced oil and gas ones. Wellman had already dealt with the department when making one of its furnaces under licence for sale to Romania.

Profits of the department are believed to be running at about $2.2m a year. GE is thought to be willing to sell because the heating department falls outside its mainstream electrical business.

*The deal is subject to the approval of Wellman shareholders.*

## CU selling majority in Hibernian Ins.

*Agreement has been reached* whereby a consortium of Irish investors will acquire from the Commercial Union Assurance Company a majority holding in Hibernian Insurance Company, the Irish insurance company in which CU at present has a 99.9 per cent interest.

The Bank *of Ireland and* Avenue Investment Company will each acquire 20 per cent of Hibernian, while a number of Irish pension funds and financial institutions will buy a further 20 per cent. In addition, Munich Reinsurance Company will acquire a 10 per cent holding, while the CU will retain a minority interest of 30 per cent.

Hibernian transacts all classes of non-life insurance business in the Republic of Ireland. It was acquired by CU in 1964 and at the end of 1978 had pre-tax profits of £3.2m. The consideration to be paid will be based on the audited balance sheet at June *30, 1979* expected to be about £13m.

CU had always intended to return the majority shareholding of Hibernian to Irish interests. It will still make its world-wide expertise available.

### FITZROY INV.

It is not now certain that the mooted sale of warehouses *owned by Peter Downing (Warehousing)*, a subsidiary of Fitzroy Investment Company, would be in the best interests of Fitzroy, the directors said yesterday.

The development potential may be such that disposal would sacrifice an opportunity for capital growth, they said. An application would be made for restoration of the company's stock exchange listing.

# OFT studying latest move towards Furness Withy

The board of Furness, Withy meets today to discuss KCA *International's acquisition of a* 12.13 per cent stake in the group.

At the same time the Office of Fair Trading is studying closely the bid by KCA for an influence over the affairs of Furness Withy.

The Office of Fair Trading is *particularly* interested in the role of Eurocanadian Shipholdings, a private Canadian-owned *shipping group based* in Switzerland and Bermuda, in KCA's latest move.

*Eurocanadian has sold an 8.4* per cent stake in Furness to KCA, for conditional settlement.

Eurocanadian is retaining a 10 per cent holding, while KCA holds 12.13 per cent.

But both KCA and Eurocanadian are intending to seek a "close relationship" with Furness.

Eurocanadian made a full bid for Furness Withy during 1974 and 1975 which was vigorously *resisted by the company*. But the Monopolies Commission ruled in 1976 that any merger *between the two groups would* be against the public interest and required Eurocanadian to reduce its holding in Furness. Eurocanadian agreed to reduce its holding to not more than 10 per cent by 1980.

Mr. Brian Shaw, managing director of Furness, said yesterday that Mr. Paul Bristol, chairman of KCA, an oil *servicing and contracting* concern, "had not improved his chances of doing arms length *business* with us by *coming to* us arm in arm with Mr. Frank Narby," the chief executive *of Eurocanadian.*

## Sunley parts with French development

Bernard Sunley Investment Trust, the property and building group, has sold its French development company Societe pour l' Amenagement et la Promotion de la Station Isola 2,000, the subsidiary which owns and manages the ski resort "Isola 2,000."

A conditional contract for the sale *has* been exchanged with clients of the Orion Bank. Completion of the deal depends on the receipt of various consents from the appropriate UK and French authorities.

Total consideration, to be determined after the accounts of the French company for the year to March 31, 1979, are available, will be used to reduce Sunley's foreign currency borrowings.

Sunley said yesterday that on the *basis of preliminary figures* there "is likely to be a reduction in the group net asset value of around 45p per share, but the trading losses from operations in France will terminate."

The group indicated that in the year ended March 31, 1978, the losses amounted to £662,000 "and are estimated to be approximately the same in the financial year just completed. There will also be a saving in interest costs. The overall improvement in the group's revenue surplus after tax in a full year will be about £800,000 per annum (5p a share)."

A report on the progress made towards the completion of the transaction is to be given in the group's annual accounts.

After the professional valuation of the property portfolio in March, *1978*, and *including the* capital surplus arising from the reorganisation of the Eagle Star *debenture in August, 1978, the* net asset value was 397p per share.

The sale of the French company will reduce the net asset value to about 352p per share. "This figure takes no account of the significant increase in value of the property portfolio which has taken place over the last year," said Sunley.

### SLOUGH ESTATES

Slough Estates announces that £1,895,900 (88 per cent) of the 8 per cent convertible unsecured loan stock 1991-94 offered by way of rights has been taken up.

# RIT buys 29% of Corn Exchange

Rothschild Investment Trust has purchased a 29.17 per cent stake in The Corn Exchange Company in a deal worth £2.45m.

A brief statement yesterday from the Corn Exchange said that *discussions "are now taking* place between the board of the Corn Exchange and Rothschild *Investment Trust which may or* may not lead to an offer being made."

Rothschild's purchase price for its *29.17* per cent stake was 301.75p, valuing the entire group at £8.39m. On the Stock Exchange *shares of the Corn Exchange* soared 45p to 297p, valuing the company at £8.3m.

*Rothschild has acquired its* 811,000 shares from Industrial Equity, an Australian-based *group which held a 22 per cent* holding, and London Trust, an investment trust which held 7 per cent.

The latest move ends some of the uncertainty in the stock market *over the future ownership* of the Corn Exchange Company, which exists mainly to own and operate the Corn Exchange building in the centre of the City of London.

Last October the Corn Exchange Company announced that it was in talks with a potential bidder. In November it said that talks had broken down, but another bidder had emerged. These talks were terminated in February.

The company's annual accounts *for 1978* showed that the Corn Exchange's Mark Land property had been valued at £9.5m, compared *with £8m* at the end of 1977.

Pre-tax profits for that period *increased from £335,000 to* £379,000, a record.

The group warned that profits before tax would remain static in 1979 as it intended to carry out a major modernisation of the lifts in the Exchange building.

### ST. REGIS PURCHASE

St. Regis International, proprietor *of St. Regis Newspapers* has acquired Teesside Times, published of the Teesside Times and the South Durham Times.

Other newspapers in the St. Regis group are the Bolton Evening News and eight weekly papers in the Greater Manchester area. St. Regis also owns the South Yorkshire Times and the Doncaster Free Press.

# J. Beattie advances 30% to best-ever £3.6m

WITH SALES higher at £32m against £27.8m, James Beattie, retail department store operator, *boosted* taxable profits by 30 per cent from £2.76m to a record £3.6m for the year ended January 31, 1979. The result was before serving members' dividends of £288,224 compared with £223,524.

*At midway, pre-tax profits had* jumped from £382,000 to £986,000, but Mr. James Beattie, *the chairman, now reports that* the company was hit by bad weather in January which caused *it to trade at a loss.*

However, he says a very satisfactory start has been made to the current year, with sales for the first three months 17.5 per cent ahead of the corresponding period last year.

Earnings per 25p share are given as some 32 per cent better at 13.94p compared with 10.54p, while Treasury consent has been granted to lift the dividend by 32 per cent from 2.28382p to 3.10553p net with an additional 0.03508p payable on ACT reduction.

Tax took £1.71m (£1.33m) leaving net profits up from £1.21m to £1.6m. Retained surplus emerged at £1.22m against £0.92m.

Inflation adjusted pre-tax profits are shown at £3.15m (£2.28m) *after adjustments of* £444,000 (£479,000).

At the year-end, fixed assets were little changed at £3.87m against £3.89m, while net current assets were up from £4.1m to £5.3m. There was a net bank overdraft of £499,383 against a cash position of £70,236 a year earlier.

Meeting of the company which has "close" status, to be held at Wolverhampton, June 5, 2.30 pm.

## Slump at Tysons in second half

A SECOND half slump from £463,863 to £130,936 left Tysons (Contractors), construction engineers, with taxable profits well down from £497,757 to £236,360 for 1978. A peak of £796,172 was achieved in 1976.

Turnover for 1978 was little changed at £10.57m against £10.51m, and pre-tax figure was subject to tax of £91,030 (£249,320).

Earnings are shown as 2.91p (4.97p) per 10p share and the dividend is unchanged at 2.1175p net, absorbing £105,875.

NORTH AMERICAN NEWS

# Shearson Hayden Stone to merge with Loeb Rhoades

BY JOHN WYLES IN NEW YORK

PRELIMINARY agreement was announced yesterday on a $90m merger of Shearson Hayden Stone Inc. and Loeb Rhoades Hornblower and Co., which will create the second largest securities firm in the U.S.

The combination will, in effect, be a take-over of Loeb Rhoades' business and assets by Shearson, and caps the company's rapid growth through acquisition during the past nine years. The company's chairman, chief executive officer and driving force, Mr. Sanford Weill, will be chairman and chief executive of the new firm which will be named Shearson Loeb Rhoades Inc.

The agreement will need the approval of Shearson's stockholders and is bound to attract an investigation by the Department of Justice. The consolidation trend on Wall Street, which was strong in 1977 but more muted last year, has aroused some concern in Washington. The Department did examine Merrill Lynch's acquisition of White Weld last year but eventually raised no objections.

The merger will be accomplished by the exchange of $90m of Shearson's debt and equity securities in exchange for Loeb Rhoades' assets. It comes only 17 months after Loeb Rhoades entered into a notable merger with Hornblower, Weeks, Noyes and Trask which has since come to be seen as not one of Wall Street's best-managed combinations.

Mr. John Loeb, who helped found Loeb Rhoades in 1931, stressed yesterday the management strength to be gained for his firm by the combination, which is almost certainly the largest ever between two U.S. securities companies.

The new firm will have a total capital, including subordinated debt, of more than $350m which would place it second only to Merrill Lynch Pierce Fenner and Smith.

Loeb Rhoades has 150 domestic offices and 11 overseas, and Shearson Hayden 130 with 14 overseas. There are at least 43 cities and towns in the U.S. where the two overlap, and six overseas locations where both are currently represented.

One of the attractions for Shearson is Loeb Rhoades' investment banking business which, while by no means the biggest on Wall Street, ranks a respectable 17th in terms of volume of underwritings.

# Alberta Gas lifts Husky Oil stake to 69%

CALGARY — Alberta Gas Trunk Line (AGTL) has agreed to purchase about 20 per cent of the shares outstanding of Husky Oil, owned by the Nielsen family at a price of US$48 a share, reports AP-DJ.

The $105m purchase would boost Alberta Gas Trunk's interest in Husky to about 69 per cent from 49 per cent.

In addition, Alberta Gas Trunk plans to proceed with a tender offer to purchase all the remaining shares of Husky, also at $48 a share, or the Canadian currency equivalent.

If the offer is successful, it would cost about $163m.

Alberta Gas Trunk said the purchase from the Nielsens and the tender offer would be made as soon as reasonably practicable and would be subject to approval of regulatory authorities in Canada and the U.S.

# Deere plans to expand abroad

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

DEERE AND CO. plans to expand sales of construction equipment outside North America by 20 per cent annually over the next five years in a bid to boost its world-wide status.

It claims to be number three in the U.S. and senior management at group headquarters last week forecast that its sales of construction equipment this year will exceed $1bn for the first time.

A prime target of the corporation's expansion programme is the European market. Although it expects the industry's sales in Europe to grow by only 3 to 4 per cent annually which is about half that for the industry world-wide it believes it can gain a growing market share in Europe. This will be achieved by expanding its distribution network and with the aid of a product development programme which will meet more specifically European requirements.

The European market is acutely competitive and Mr. Robert J. Gerstenberger, senior vice-president, forecasts there will be a marked contraction in the number of manufacturers over the next few years. He believes that in this market the multinational corporations such as Deere, will have the advantage over the smaller nationally-owned companies.

Nearly 80 per cent of the corporation's sales are in agricultural equipment but the intention is that the faster-growing construction equipment side will account for 35 per cent of the sales in five years' time.

# Negotiated deal over Asbestos not ruled out

By Robert Gibbens in Montreal

MR. RENE LEVESQUE, Premier of Quebec, said in the National Assembly in Quebec City, once Asbestos Corporation becomes the Government's property, everyone will see that "we acted in good faith."

He said it was in Quebec's best interest that the takeover by the Government of Asbestos Corporation, the second largest fibre producer in the Province, was in an "equitable" transaction, no matter how the acquisition is made.

Both the Premier and Finance Minister Jacques Parizeau said there was still the possibility of a negotiated settlement, despite the imminent second and third reading of the legislation to expropriate the company's assets in Quebec.

The controlling 54.6 per cent block of Asbestos Corporation is held by General Dynamics of the U.S. The Government has offered $42 a share for GD's holding and GD has asked nearly $100.

The Government now says it plans an "aggressive campaign in Washington" to counter lobbying by General Dynamics against the takeover of Asbestos.

# Profits up at George Weston

BY OUR FINANCIAL STAFF

GEORGE WESTON, the Canadian biscuits and food chain recently the loser in the bid struggle for Hudsons Bay, has pushed earnings ahead by 66 per cent to C$11m in the first quarter of the year, with share earnings at 80 cents compared with 48 cents last time. Sales of C$1.30bn are 18 per cent higher.

Extraordinary gains from asset sales brought 1979 net earnings to C$15.8m, against C$7.7m.

The annual dividend rate is being increased from 84 cents to C$1.04 a share, with effect from the next dividend date. The company pays a quarterly dividend which, under the increase, will now be 26 cents a share.

Mr. W. Galen Weston, the chairman and president said after the annual meeting that the group expects an improvement in earnings and sales for 1979.

In 1978, the company had net earnings of C$57.3m on sales of C$5.23bn.

The improvement, however, will be at a declining rate as the year progresses.

The largest contributing factor will be an expected increase in resource businesses, which contributed almost half of the earnings total of the first quarter. These include British Columbia Packers, the Fisheries Division, and Eddy Paper, forest products division.



INTERNATIONAL CAPITAL MARKETS

# Chase warns of competition dangers

BY JOHN EVANS

CHASE Merchant Banking Group, part of Chase Manhattan Bank, is speaking out publicly over the dangers of intensifying competition among banks in extending international oans in the Eurocurrency markets.

The warning adds to the current international debate over the desirability of controlling the overall Eurocurrency system. Mr. William Miller, chairman of the Federal Reserve Board, and the U.S. Treasury, are currently giving signals about the possible need for such constraints.

Mr. Otto Schoeppler, chairman of Chase Merchant Banking, points out that a record $62bn of syndicated loans were signed in 1978 compared with $34.8bn in the previous year and $27.8bn in 1976.

According to the group's annual review, an estimated $15bn of the total represented restructured and refinanced transactions, leaving a net growth in the syndicated market last year of 35 per cent.

Mr. Schoeppler observes that this large volume of refinancings is directly related to "the continuing pressure on spreads and the lengthening of (loan) maturities."

He adds: "No doubt these reflect the continuing high liquidity of the international banking system—particularly in the Eurodollar market—and the number of competitors for mandates. We have seen a growing number of non-dollar-based banks aggressively enter this market, a phenomenon which is continuing."

The U.S. banker says that two "thought-provoking" questions arise from this activity.

One is whether present spreads contain an adequate "risk cover." The other is whether a sharp recovery of the dollar might not very quickly have an impact on the liquidity of the Eurodollar market, creating possible problems for some market participants with regard to the continued financing of dollar obligations.

The first reference, to spread levels, reflects the frequently voiced concern that slim returns do not make possible the creation of sufficient profitability to guard against future loan losses.

At the same time, American banks are known to be perturbed about the increasing internationalisation of syndicated lending through the activities of "non-dollar" banks in Europe and the Middle and Far East. Such banks, it is claimed, do not have a natural dollar base and are vulnerable in that they rely more heavily on the volatile Euromarkets for funding.

The Chase view apparently foresees the possibility that a rapid and prolonged dollar recovery could adversely affect the balance-sheet totals of non-American banks, through foreign exchange conversion factors. Such exchange fluctuations could also limit the free availability of Eurodollar deposits.

Other U.S. banks point to another problem area, stemming from the influence of U.S. financial markets on the Euro-market system and the key role of U.S. banks' interbank placements.

The five big U.S. banks are calculated to have increased their average placements with other banks by 20 per cent in 1977 to a total of $30bn.

Given prolonged strength U.S. loan demand, a relat $5bn-$10bn reduction in depo placed by these banks could feasible, with a consequ dramatic effect in reduc Euromarket liquidity.

Some American banks beli that the stage is near wi borrowers may insist on minimum proportion of dol based banks in their l syndicates. In order to ins against any future squeeze Euromarket liquidity.

The Chase Merchant Ba ing Group itself, despite th reservations over market trer claims that it is now the est lished leader in syndica loans, managing or co-manag 102 transactions represent over $21bn last year.

The operating profit of Ch Manhattan Ltd, the Lond based member of the gro declined to £4.25m compa with £4.30m in 1977. Earni showed a slight increase £2.14m from £2.10m.

Its affiliate, Chase Manhat Asia, reported an operat profit of U.S.$10.84m agai $5.86m, while earnings rose $9.171m from $5.08m.

MEDIUM-TERM FINANCING

# $100m loan for Malaysia

By Our Euromarkets Staff

THE MALAYSIAN Government is seeking a $100m 10-year syndicated loan from an international banking group with a strong Middle East membership.

The mandate for the credit has been awarded to the Arab Malaysian Development Bank. The co-managers include Gulf International Bank and National Commercial Bank of Saudi Arabia.

The spread structure involves ¾ per cent margin over interbank rates for the first five years, and ⅞ for the remainder. The funds will be used for development purposes.

Thailand's State electricity concern, Egat, is raising a DM 70m 10-year credit via Deutsche Bank. Funds will be used to buy German equipment.

The spread is ⅝ per cent for two years and ¾ thereafter.

Elsewhere, Trans Tunisia Pipeline Company, part of Italy's state ENI concern, has arranged a credit totalling $100m. Proceeds will be used to finance the construction of the Tunisian section of the gas pipeline through which Algerian natural gas will pass to Italy from 1981 onwards.

Credit Lyonnais acted as lead manager, with loan spreads ranging between ⅞ to 1 per cent over interbank rates.

Breda Ferroviaria Spa, a subsidiary of the Italian state Efim group, has obtained a $25m five year loan on undisclosed terms. The leader of the managing group was Italian International Bank.

In Australia, Santos Limited is arranging a $75m credit for the development of a gas project. Loan organisers are the Canadian Imperial Bank of Commerce, International Energy Bank and Republic National Bank of Dallas.

# SCM–Xerox case remanded

NEW YORK — SCM Corporation said the Court of Appeals for the second circuit has remanded its anti-trust case against Xerox Corporation to a trial judge for "clarification" of certain questions of law.

Last December, Federal District Judge Jon O. Newman set aside damages of $37.3m previously awarded to SCM by a jury.

SCM said the Appeals Court noted that it was not clear whether Judge Newman "intended to hold that Xerox violated antir-trust law or whether he decided that money damages were not an allowable remedy without deciding the violations issues."

## AMERICAN QUARTERLIES

| ELTRA CORPORATION | 1979 | 1978 |
|---|---|---|
| Second quarter | $ | $ |
| Revenue | 298.7m | 252.1m |
| Net profits | 13.43m | 11.53m |
| Net per share | 1.17 | 1.01 |
| Six months | | |
| Revenue | 562.0m | 492.7m |
| Net profits | 25.32m | 22.34m |
| Net per share | 2.21 | 1.96 |

| ENVIROTECH | 1979 | 1978 |
|---|---|---|
| Fourth quarter | $ | $ |
| Revenue | 174.0m | 126.8m |
| Net profits | 1.92m | 2.43m |
| Net per share | 0.42 | 0.53 |
| Year | | |
| Revenue | 556.8m | 504.1m |
| Net profits | 6.79m | 15.39m |
| Net per share | 1.48 | 3.33 |

| JONATHAN LOGAN | 1979 | 1978 |
|---|---|---|
| First quarter | $ | $ |
| Revenue | 97.7m | 89.6m |
| Net profits | 749,000 | 1.44m |
| Net per share | 0.14 | 0.28 |

| OSCAR MAYER | 1979 | 1978 |
|---|---|---|
| Second quarter | $ | $ |
| Revenue | 345.8m | 332.7m |
| Net profits | 9.66m | 2.71m |
| Net per share | 0.66 | 0.19 |
| Six months | | |
| Revenue | 678.2m | 628.0m |
| Net profits | 20.63m | 9.04m |
| Net per share | 1.41 | 0.62 |

| J. C. PENNEY | 1979 | 1978 |
|---|---|---|
| First quarter | $ | $ |
| Revenue | 2.34bn | 2.18bn |
| Net profits | 35.0m | 33.0m |

EUROBONDS

# Prices drift in quiet trading

BY FRANCIS GHILES

ALL MAJOR sectors of the Eurobond markets were quiet yesterday, *with prices slightly* easier in most. The one exception was the Swiss franc sector, where seasoned issues were quoted at higher levels than last Friday. The SwFr 100m issue for SNCF, which started trading last Friday at 97, moved up yesterday to 98.

The 101year SwFr 100m issue for the World Bank, which carries a coupon of 4⅝ per cent, has been well received. This friendly reception was expected because of the generous terms offered to the investor.

Figures recently released show that there has been a sharp increase in the security holdings of the big three Swiss banks during the first three months of the current year. The securities held by Union Bank of Switzerland increased by SwFr 615m, than of Credit Suisse by SwFr 736m and those of Swiss *Bank Corporation by SwFr 501m.*

The banks explain this by the issue of Carter bonds last January, by the remainder of the financing of Swiss franc private placements for foreign borrowers, and, to a lesser extent, by the remainder of the financing of Swiss franc public bonds for foreign borrowers.

These figures confirm the extent to which a number of public bonds and private placements arranged late last February and during March were undersubscribed.

In the U.S. dollar sector of the market, two issues which were trading for the first time yesterday fell to heavy discounts. The $50m issue for Genstar, which carries a coupon of 10 per cent for 10 years, was quoted at 96½-97 despite being priced at 98½. The $20m c vertible for *Nitto Electric*, wh carries a coupon of 6 per c for 15 years, was trading at bid.

In the floating rate n sector, two FRNs for T borrowers, both amounting around $25m, are expected n week: the first will be Bangkok Bank, the second the Thai Farmers' Bank.

The European Investm Bank is arranging a two tranc Yankee bond through Mer Lynch White Weld Capital M ket Group: the first tranc mature in 1987, the seco amounts to $150m and w mature in 1999. Final terms due on May 20.

In the Deutsche Mark sect prices were again sligh weaker yesterday. The Sei Stores convertible fell again a was quoted yesterday at 92½-9

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary mar exists. For further details of these or other bonds see the complete list of Eurobond prices publish Closing prices on May 14on the second Monday of each month.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Avco O/S Cap. 10¾ 87 | 40 | 97¾ | 97¾ | — | — | 10.76 |
| Bayer Int. F. XW 7¾ 89 | 200 | 83¾ | 83¾ | −0¼ | −3¼ | 9.97 |
| CECA 9¾ 84-89 | 50 | 95¼ | 95¾ | −0¼ | −0¼ | 9.90 |
| Canada 9 83 | 400 | 97½ | 98 | 0 | 0 | 9.87 |
| Canada 9¼ 98 | 350 | 95¾ | 96¼ | 0 | +0⅞ | 9.98 |
| Comalco Inv. E. 10¾ 91 | 40 | 98¾ | 98¾ | 0 | 0 | 10.46 |
| Dow Chem. O/S 9¾ 94 | 200 | 97¼ | 97¾ | −0⅛ | 0 | 9.96 |
| EIB 9¼ 98 | 125 | 92⅞ | 93⅛ | 0 | −0⅛ | 10.21 |
| EIB 9⅞ 86 | 150 | 98⅞ | 98⅞ | 0 | −0¼ | 10.15 |
| EIB 9⅞ 99 | 100 | 98⅛ | 98⅞ | 0 | −0⅛ | 10.28 |
| Export Dv. Cpn. 9.85 84 | 150 | 100 | 100½ | 0 | 0 | 10.01 |
| Export Dv. Cpn. 9¾ 84 | 100 | 97 | 97½ | 0 | 0 | 9.98 |
| Eksportfinans 9 86 | 50 | 95¾ | 96¼ | +0¼ | +0⅛ | 9.80 |
| Finland 9½ 86 | 100 | 97 | 97½ | 0 | −0¼ | 10.06 |
| GTE Fin. 9½ 84 | 50 | 97⅞ | 98⅜ | +0⅛ | +0¼ | 9.99 |
| Gould Int. Fin. 9¾ 85 | 50 | 98⅞ | 98⅞ | −0⅛ | −0⅛ | 9.84 |
| Hospital O/S 9 83 | 25 | 96⅞ | 97¼ | 0 | −0⅛ | 9.86 |
| Hudson Bay Co. 10 94 | 50 | 99⅞ | 100⅞ | +0⅛ | +0⅛ | 9.97 |
| Itel Finance 9½ 90 | 30 | 92½ | 93 | −0⅛ | −0⅛ | 10.87 |
| Itel Finance 10½ 93 | 40 | 96½ | 96⅝ | +0⅛ | 0 | 11.00 |
| ITT Antilles 9½ 89 | 75 | 96½ | 97 | 0 | −0½ | 10.03 |
| J. C. Penney 8½ 83 | 100 | 95⅞ | 96⅛ | +0¼ | +0⅛ | 9.72 |
| Manitoba 9½ 89 | 75 | 96⅞ | 97⅜ | 0 | 0 | 9.96 |
| New Brunswick 9¾ 94 | 75 | 97¾ | 97⅜ | 0 | −0⅛ | 10.07 |
| Newfoundland 10 94 | 50 | 99½ | 100 | 0 | +0⅛ | 10.02 |
| Norsk Hydro 9¾ 94 | 50 | 94⅞ | 95⅛ | +0⅛ | +0⅛ | 9.88 |
| Norway 9¾ 84 | 150 | 99⅝ | 100⅛ | 0 | +0⅛ | 10.02 |
| Nova Scotia Pwr. 9¾ 89 | 50 | 97 | 97½ | 0 | −0⅛ | 10.20 |
| Portland 10 84 | 50 | 97¾ | 97¾ | +0¼ | +0⅛ | 10.67 |
| Quebec Hydro 10 99 | 75 | 95½ | 96 | — | — | 10.52 |
| Redland Fin. XW 9½ 91 | 25 | 92½ | 92¾ | −0⅛ | −0⅛ | 10.63 |
| Sears Roebuck 9 82 | 150 | 97⅞ | 98⅛ | +0⅛ | +0⅛ | 9.78 |
| Stockholm 9¾ 94 | 60 | 98½ | 99 | 0 | 0 | 10.15 |
| Sweden 9¾ 89 | 100 | 98 | 98½ | 0 | 0 | 10.03 |
| Sweden 9½ 86 | 200 | 98¼ | 98⅞ | +0⅛ | +0⅛ | 10.04 |
| UK 8⅞ 93 | 150 | 94 | 94½ | −0⅛ | −0⅛ | 9.86 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| American Ex. Int. 5½ 87 | 70 | 88¾ | 89½ | −0¼ | −1⅛ | 7.40 |
| Argentina 6½ 88 | 150 | 92 | 92¾ | −0¼ | −0¼ | 7.65 |
| Australia 6 88 | 250 | 90¾ | 91½ | −0¼ | −0¼ | 7.34 |
| Austria 5¾ 90 | 150 | 86⅞ | 86⅞ | +0¼ | −0¼ | 7.58 |
| Banco Desarrollo 7¾ 86 | 100 | 95½ | 96 | 0 | +0¼ | 8.08 |
| Bankamerica 5¾ 90 | 150 | *88⅞ | 89⅜ | +0⅛ | +0¼ | 7.15 |
| Barclays O'seas 6½ 89 | 100 | 95¾ | 96¼ | 0 | 0 | 7.33 |
| Bq. Ext. Algerie 7¾ 85 | 100 | 95⅝ | 96⅛ | +0¼ | 0 | 8.05 |
| Brazil 7¾ 87 | 150 | 94⅞ | 95½ | −0⅛ | −1⅛ | 8.12 |
| CECA 6 88 | 150 | 88½ | 89½ | −1 | −2⅛ | 7.67 |
| CECA 7 91 | 150 | 95⅞ | 96⅝ | −0⅛ | −0⅛ | 7.52 |
| Copenhagen City 6 90 | 75 | 87⅞ | 88⅜ | −0⅛ | −1 | 7.80 |
| Council of Europe 6½ | 130 | 91⅞ | 92⅞ | +1¼ | +1¼ | 7.41 |
| Denmark 5¾ 85 | 100 | 92¾ | 93 | −0⅞ | −1⅛ | 7.37 |
| Denmark 6½ 89 | 100 | 93⅞ | 94½ | −0⅞ | −0⅞ | 7.36 |
| EIB 6 90 | 300 | 85½ | 86¼ | +0¼ | −1 | 7.92 |
| EIB 6½ 91 | 200 | 91 | 91½ | −0⅛ | −0⅛ | 7.66 |
| Eletrobras-Brazil 7 87 | 100 | 93⅞ | 93⅞ | −0⅛ | −0⅛ | 8.16 |
| Eurofima 6½ 89 | 100 | 94⅞ | 95⅜ | −0⅛ | −0⅛ | 7.19 |
| Finland 6 83 | 150 | 96½ | 97¼ | −0⅛ | +0⅛ | 6.81 |
| Hitachi Ship. 5¾ 83 | 50 | 94⅞ | 95 | +0⅛ | −0⅛ | 7.15 |
| Indonesia 7 84 | 100 | 94¾ | 95½ | 0 | +0⅛ | 8.14 |
| Megal Fin. 7 89 | 150 | 97⅞ | 97⅞ | 0 | 0 | 7.38 |
| Mitsubishi Chem. 6½ 84 | 70 | 97⅞ | 98½ | — | — | 7.02 |
| New Zealand 6¾ 87 | 200 | 95½ | 95⅞ | +0⅛ | +0⅛ | 7.05 |
| Nippon Kokan 6½ 84 | 100 | 97⅞ | 98 | +0⅛ | +0⅛ | 7.08 |
| Nippon Steel 5¾ 85 | 100 | 93⅞ | 94⅞ | 0 | +0⅛ | 6.85 |
| Nippon Tel. & T. 5½ 87 | 100 | 86⅞ | 87⅞ | 0 | −1½ | 7.80 |
| Nordic Inv. Bk. 6¾ 86 | 60 | 95 | 95½ | +0⅛ | +0⅛ | 7.14 |
| Norges Komm. 6¾ 89 | 150 | 91⅞ | 92½ | −0⅛ | −1½ | 7.42 |
| Norway 6¾ 84 | 200 | 99¾ | 99⅞ | −0⅛ | −0⅛ | 6.37 |
| Occidental 6¾ 90 | 150 | 93⅞ | 94 | −0⅛ | −1⅛ | 7.59 |
| OKB 6½ 88 | 100 | 97 | 97¾ | −0⅛ | +0⅛ | 6.88 |
| OKB 6 87 | 40 | 94⅞ | 95⅛ | +0⅛ | 0 | 6.85 |
| Statoil 6 88 | 150 | 90⅞ | 91 | +0⅛ | −0⅞ | 7.40 |
| Statoil 6½ 89 | 150 | †95⅞ | 96⅛ | −0⅛ | 0 | 7.06 |
| Tokyo Elec. Pwr. 6½ 85 | 200 | 94⅞ | 95⅛ | — | — | 7.54 |
| UDS Group 5¾ 83 | 65 | 94¾ | 95¾ | 0 | 0 | 7.20 |
| Union Bank-Finn 6½ 88 | 50 | 91¾ | 92¼ | −0⅛ | −1⅛ | 7.74 |
| Venezuela 6½ 90 | 150 | 89½ | 89¾ | −0⅛ | −0⅛ | 8.01 |
| World Bank 6¾ 88 | 400 | 93 | 93¾ | +1⅛ | +0⅛ | 7.23 |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Acesa 5¾ 88 | 40 | 103 | 103½ | +0⅛ | −0⅛ | 4.80 |
| Amer. Exp. Int. 3½ 93 | 40 | 93¾ | 94 | −0⅛ | +0⅛ | 4.06 |
| Asian Dev. Bank 3½ 94 | 100 | 86⅞ | 86¾ | +0⅛ | +0⅛ | 4.78 |
| Austria 3½ 93 | 100 | 89⅛ | 89⅝ | +1⅛ | +1⅛ | 4.48 |
| Australia 3¾ 89 | 250 | 94⅞ | 94⅞ | 0 | 0 | 4.30 |
| Brazil 4¾ 88 | 100 | 97⅞ | 97½ | +0⅛ | −0⅛ | 4.59 |
| Canada 3¾ 89 | 300 | 94 | 94⅛ | −0⅛ | −0⅛ | 4.37 |
| Chase Manhattan 4 93 | 70 | 98⅞ | 99 | +0⅛ | +0⅛ | 4.10 |
| Council of Europe 4⅞ | 100 | 96⅞ | 97⅛ | +0⅛ | +0⅛ | 4.59 |
| Bankamerica 3¾ 93 | 80 | 95¾ | 95⅞ | +0⅛ | +0⅛ | 4.18 |
| BNDE 5 88 | 75 | 101 | 101½ | 0 | 0 | 4.84 |
| Denmark 4½ 90 | 100 | 100⅞ | 100⅞ | +0⅛ | 0 | 4.41 |
| Euratom 4⅝ 93 | 80 | 93¾ | 94 | +0⅛ | +0⅛ | 4.85 |
| F. L. Smidth 4½ 89 | 25 | 98⅛ | 99 | +0⅛ | +0⅛ | 4.67 |
| Finland 4½ 93 | 80 | 98½ | 99 | −0⅛ | −0⅛ | 4.62 |
| Horon 4⅝ 89 | 35 | 95 | 95½ | +0⅛ | +0⅛ | 4.87 |
| ICI Fin. NV 3½ 94 | 230 | 89½ | 90 | +1⅛ | +1⅛ | 4.46 |
| Malaysia 4¾ 90 | 80 | 95 | 95½ | 0 | −0⅞ | 5.32 |
| New Zealand 3¾ 94 | 120 | 89¼ | 89½ | +0⅛ | +0⅛ | 4.50 |
| OKB 3¾ 91 | 100 | 93 | 93¼ | +0⅛ | +0⅛ | 4.51 |
| Pfand Ost. Lande 4 90 | 60 | 94½ | 94⅞ | +0⅛ | +0⅛ | 4.64 |
| Philippines 4¾ 89 | 50 | 95 | 95½ | +0⅛ | 0 | 5.38 |
| Sandvik 4 90 | 85 | †98⅛ | 97 | +0⅛ | +0⅛ | 4.35 |
| Spain 4 91 | 100 | 94½ | 94⅞ | +0⅛ | −0⅛ | 4.60 |
| Vienna 4 93 | 100 | 94 | 94⅛ | +0⅛ | +0⅛ | 4.56 |
| World Bank 4¾ 93 | 250 | 95⅛ | 95½ | +0⅛ | +0⅛ | 4.70 |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 5¾ 88 | 15 | 86½ | 87½ | +0⅛ | +0½ | 7.79 |
| Australia 5 6 83 | 30 | 93¾ | 94⅛ | +0⅛ | +0⅛ | 7.36 |
| Australia 6½ 88 | 20 | 91⅞ | 92⅞ | 0 | 0 | 7.82 |
| Finland 5.6 83 | 10 | 92½ | 93⅛ | +0⅛ | +0⅛ | 7.52 |
| Finland 6.8 88 | 10 | 92½ | 93⅛ | 0 | 0 | 8.06 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Nordic I. Bk. 9 84 SDR | 20 | 97⅞ | 98⅛ | +0⅛ | +0⅛ | |
| Bk. Br. Col. 10⅛ 89 C$ | 10 | 97⅞ | 98⅛ | — | — | |
| Ex. Dev. Cpn. 10 84 C$ | 50 | 98⅞ | 99⅞ | +0⅛ | −0⅛ | |
| Fst. Can. Inv. 10 84 C$ | 50 | 97⅞ | 98⅞ | — | — | |
| Hudson Bay 10½ 89 C$ | 60 | 99½ | 100 | −0⅛ | −0⅛ | |
| Quebec 10¼ 86 C$ | 50 | 98¾ | 98⅞ | 0 | −0⅛ | |
| R. Bk. Canada 10 86 C$ | 40 | 98⅛ | 98⅞ | −0⅛ | −0⅛ | |
| R. Bk. Canada 10 84 C$ | 40 | 96⅞ | 98⅛ | 0 | −0⅛ | |
| Komm. Inst. 7½ 93 EUA | 15 | 96⅞ | 98⅛ | 0 | −0⅛ | |
| Panama 8¾ 93 EUA | 20 | †95½ | 97 | −1 | −0⅞ | |
| SOFTE 8¾ 89 EUA | 40 | 97⅞ | 98⅛ | +0⅛ | 0 | |
| Algemene Bk. 6¾ 83 Fl | 75 | 94⅞ | 95⅛ | 0 | −0⅛ | |
| CFE Mexico 7¾ 83 Fl | 75 | 96⅞ | 97⅞ | +0⅛ | −1⅛ | |
| EIB 7¾ 85 Fl | 75 | 93⅞ | 94⅞ | 0 | −0⅛ | |
| Ned. Middbk. 8¾ 84 Fl | 75 | 100⅛ | 101 | +0⅛ | −0⅛ | |
| New Zealand 6¾ 84 Fl | 75 | 93⅞ | 94⅞ | 0 | −0⅛ | |
| Norway 8¾ 84 Fl | 100 | 99⅞ | 100½ | −0⅛ | −1⅛ | |
| Elf Aquitaine 9¾ 88 FFr | 150 | 98⅞ | 98⅞ | 0 | −0½ | |
| EIB 9¾ 88 FFr | 200 | 98⅞ | 98⅞ | −0⅛ | −0⅛ | |
| Norway 9¾ 84 FFr | 200 | 98½ | 99⅛ | −0⅛ | −0⅛ | |
| PSA Peugeot 9¾ 87 FFr | 175 | 98⅛ | 98⅞ | −0⅛ | −0⅛ | |
| Saint-Gobain 9¾ 86 FFr | 130 | 98⅛ | 98⅞ | — | — | |
| Solvay et Cie 9¾ 87 FFr | 125 | 98⅛ | 99 | −0⅛ | −0⅛ | |
| Total Oil 9¾ 87 FFr | 150 | 96⅞ | 96⅞ | −0⅛ | −0⅛ | |
| Unilever 10 85 FFr | 100 | 100⅛ | 101⅛ | −0⅛ | −0⅛ | |
| CECA 9¾ 89 £ | 20 | 91⅞ | 91⅞ | −0⅛ | −1 | |
| Citicorp 10 93 £ | 20 | 90⅛ | 91 | +0⅛ | −0⅞ | |
| EIB 9¾ 88 £ | 25 | 93 | 93⅛ | −0⅛ | −1⅛ | |
| Finance for Ind. 13 91 £ | 15 | 102⅞ | 103⅞ | −0⅛ | −1⅛ | |
| Gen. Elec. Co. 12¾ 89 £ | 50 | 101⅛ | 101⅞ | 0 | −1⅛ | |
| Euratom 8 87 LuxFr | 500 | 99⅛ | 100⅛ | −0⅛ | −0⅛ | |
| Norway 7¾ 83 LuxFr | 250 | 96⅞ | 97⅞ | −0⅛ | −0⅛ | |
| Norges Km. 8 86 LuxFr | 500 | 98⅞ | 99⅞ | −0⅛ | +1 | |
| Oslo, City of 8 89 LuxFr | 500 | 97⅞ | 98⅞ | −0⅛ | −0⅛ | |
| Solvay Fin. 8 85 LuxFr | 500 | 98⅞ | 98⅞ | −0⅛ | −0⅛ | |
| Swedish Bk. 8 88 LuxFr | 500 | 98⅛ | 99⅛ | 0 | −0⅛ | |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Arab Intl. Bank M6.5 83 | 0⅞ | 96⅞ | 97⅛ | 31/7 | 11.44 | |
| BFG Fin. Co. M5.5 89 | 0⅞ | 98⅞ | 99⅛ | 12/7 | 12.4 | |
| Banco di Roma M6 87 | 0⅞ | 99⅞ | 98⅞ | 26/10 | 11.19 | |
| Bco. El Salvador M8 83 | 1⅛ | 96⅞ | 96⅞ | 12/10 | 12⅛ | |
| Bco. Nac. Argnt. 7 88 | 0⅞ | 97⅞ | 98⅛ | 22/9 | 11⅞ | |
| Banco Urquijo 6 88 | 0⅞ | 97⅞ | 98⅛ | 21/9 | 11⅞ | |
| Bank of Tokyo M5½ 93 | 0⅛ | 98⅛ | 98⅞ | 18/10 | 11⅞ | |
| Bq. E. d'Alg. M8.375 84 | 0⅞ | 97 | 97½ | 9/8 | 11⅞ | |
| Bq. Ext. d'Alg. M7.5 85 | 0⅞ | 95⅛ | 95⅞ | 2/11 | 11⅞ | |
| Bq. Indo et Suez M5½ | 0⅛ | 99½ | 100 | 25/7 | 12 | |
| Bq. I. Af. Occ. M6.5 83 | 0⅞ | 98⅛ | 98⅞ | 12/7 | 12.4 | |
| BNP 5½ 91 | 0⅞ | 98 | 98½ | 22/2 | 11⅞ | |
| Ch. Man. O/S M5¾ 93 | 0⅛ | 98⅞ | 99⅛ | 27/7 | 11.73 | |
| Citicorp O/S Fin. 6 94 | 0⅛ | 99½ | 100 | 8/8 | 11.06 | |
| Gotabanken M6 88 | 0⅞ | 98⅞ | 98⅛ | 15/5 | 12.31 | |
| Ind. Bk. Japan M5½ 85 | 0⅛ | 99½ | 100 | 1/6 | 12.35 | |
| LTCB Japan M5½ 85 | 0⅛ | 99½ | 99⅞ | 9/10 | 11⅞ | |
| Midland Intl. M5½ 93 | 0⅛ | 98⅞ | 99⅛ | 20/7 | 12⅛ | |
| Nipp. Crdt. Bk. M5.5 85 | 0⅛ | 99½ | 100 | 22/6 | 12.81 | |
| OKB M5¾ 88 | 0⅛ | 99⅞ | 99⅞ | 18/10 | 11.44 | |
| Offshore Mining 86 | 0⅛ | 99⅛ | 99⅞ | 19/7 | 12.19 | |
| Petro Mexicano 7¾ 84 | 0⅛ | 98⅞ | 99⅛ | 24/7 | 12.06 | |
| Privredna Banka M8 86 | 0⅞ | 96 | 96⅛ | 22/6 | 13.44 | |
| Standard Chrt. M5.5 90 | 0⅛ | 98 | 98½ | 10/8 | 11.56 | |
| Sundsvallsbnkn. M6 85 | 0⅛ | 97½ | 98 | 4/10 | 11.06 | |
| Texas Int. Air. M7 86 | 0⅛ | 97⅞ | 98⅛ | 11/10 | 11⅞ | |
| Utd. Overs's Bk. M6 89 | 0⅛ | 97⅞ | 98⅛ | 29/9 | 11.14 | |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Baker Int. Fin. 5½ 93 | 1/79 | 34 | 114½ | 116 | +0⅛ | |
| Boots 6¾ 93 | 2/79 | 2.16 | 106⅛ | 107⅛ | −2⅛ | |
| Ciba-Geigy O/S F. 4 94 | 3/79 | 676 | 94⅞ | 95⅞ | −0⅛ | |
| Coca-Cola Bottling 6¾ | 4/79 | 9 | 91 | 92⅛ | +0⅛ | |
| Esselte 7¾ 89 | 9/79 | 159 | 96⅛ | 97⅛ | −0⅛ | |
| Honda Motor 6½ 89 | 5/79 | 532 | 98⅞ | 100⅞ | +0½ | |
| Ito-Yokado 5¾ 93 | 6/78 | 1339 | 111½ | 112½ | +1 | |
| Novo Industri 7 89 | 4/79 | 259 | 87½ | 88⅛ | −0⅛ | |
| Texas Int. Air. 7½ 93 | 4/79 | 14.6 | 89½ | 90⅛ | −0⅛ | |
| Thom Int. Fin. 7 88 | 11/78 | 3.67 | 136⅛ | 137⅛ | −2 | |
| Asahi Optical 3½ DM | 12/78 | 588 | 88⅛ | 89⅛ | −0⅛ | |
| Casio Cp. 3½ 85 DM | 11/78 | 841 | †87⅞ | 88⅞ | −0⅛ | |
| Fujitsu 5 84 DM | 7/79 | 475 | 101 | 102 | +0½ | |
| Izumiya 3½ 86 DM | 10/78 | 989 | 88⅛ | 89⅛ | −0⅛ | |
| Jusco 3½ 86 DM | 1/79 | 1154 | 83⅛ | 84⅛ | −0⅛ | |
| Kansai Elec. 4 84 DM | 4/79 | 1350 | 87 | 88 | −0⅛ | |
| Konishiroku 3¾ 85 DM | 1/79 | 612 | 88⅞ | 89⅛ | −0⅛ | |
| Marudai Food 3½ DM | 2/79 | 1033 | 83⅞ | 84⅞ | +0⅛ | |
| Murata M. 3½ 86 DM | 11/78 | 854 | 91⅛ | 92⅞ | −0⅛ | |
| Nipp. Air. 3.5 88 DM | 12/78 | 508 | 83⅛ | 84⅛ | +0⅛ | |
| Nippon Yan. 3½ 85 DM | 1/79 | 251 | 118 | 119 | +0½ | |
| Nissan Diesl. 3½ 86 DM | 2/79 | 477 | 89½ | 90½ | −0⅛ | |
| Olymp. Opt. 3½ 85 DM | 2/79 | 703 | 98 | 99 | +0⅞ | |
| Ricoh 3½ 86 DM | 10/78 | 617 | 90⅛ | 91⅛ | +0⅛ | |
| Sharp Cpn. 3½ 88 DM | 2/79 | 487 | 92⅛ | 93⅛ | −0⅛ | |
| Stanley Elec. 3½ DM | 11/78 | 623 | 83⅞ | 84⅞ | −0⅛ | |
| Tokyo Elec. 3½ 87 DM | 4/79 | 476 | 91⅛ | 92⅛ | +0⅛ | |
| Tokyu Ld. Cp. 4 86 DM | 4/79 | 493 | 87⅛ | 88⅛ | −0⅛ | |
| Trio-Knwd. 3½ 86 DM | 11/78 | 711 | 85 | 86 | −1⅛ | |

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of mid-price; the amount issued is in millions of currenc units except for Yen bonds where it is in billion Change on week=Change over price a week earlier

Floating Rate Notes: Denominated in dollars unless oth wise indicated. M=Minimum coupon. C. dte=D next coupon becomes effective. Spread=Margin abo six-month offered rate for U.S. dollars. C.cpn=T current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless oth wise indicated. Chg. day=Change on day. Cnv. date First date for conversion into shares. Cnv. price Nominal amount of bond per share expressed currency of share at conversion rate fixed at iss Prem=Percentage premium of the current effective pri of acquiring shares via the bond over the most rece price of the shares.

## Restrained profits outlook at BfG

By Andrew Fisher

WEST GERMANY'S trade union-owned Bank fuer Gemeinwirtschaft (BfG) is taking a restrained view of its 1979 profits outlook after the fall in interest rate margins during the first few months.

Although these are expected to improve in coming months, "1979 will not be a stunning year," according to Herr Thomas Wegscheider, joint chief executive of (BfG).

The increased volume of business on the credit and money market side brought about a near 18 per cent rise last year in the interest rate surplus, despite a slight fall in margins, to DM 462m, while the inclusion of profits from securities and participations lifted this to DM 635m, an overall rise of 8.6 per cent.

The bank said results from trading on its own account were well down on last year, because not only were dealing profits on securities lower but they were also diminished by changes in accounting policy. BfG's net profits for 1978 emerged at DM 201.3m ($106m) against DM 194.8m.

Herr Wegscheider said that the bank's balance sheet grew by 17.7 per cent last year to DM 35.3bn, with that of the whole Bfg group up by 3.3 per cent to DM 49.4bn. Advances to customers rose by more than a fifth to DM 16.3bn, with longer term credits showing a 31.6 per cent increase, twice the rate of gain for short- and medium-term loans.

## VAW expects further loss this year

BY ROGER BOYES IN BONN

THE WEST GERMAN Government-owned aluminium smelter and fabricator, Vereinigte Aluminium-Werke, expects to benefit significantly from the upturn in the world aluminium market but is unlikely to record a profit this year following 1978s setbacks, according to chairman Herr Rudolf Escherich.

Squeezed between radical increases in energy costs and heavy foreign exchange losses, VAW recorded an operating loss last year of DM 20m ($10.5m) against a 1977 profit of DM 10m. VAW's actual losses totalled over D M80m but its parent, the Government-owned holding company Vereinigte Industrie-Unternehmungen Aktiengesellschaft (VIAG), absorbed DM 60m of the shortfall.

Herr Escherich, who is also chairman of VIAG, pointed out, however, that the last two months of 1978 had been boosted by the revival of the aluminium market and that this favourable trend was continuing in the first half of this year. World stocks were being reduced and two sharp price increases this year—from 56 to 59 U.S. cents per pound in February and a further 4 cents to 63 cents per pound in April—would certainly help VAW.

The price rises, however, would be unable to compensate fully for the higher energy costs. Above all, this applied to electricity on which the smelting side of the aluminium business particularly depends. Electricity tariffs were 50 per cent higher last year following the expiry of concessionary agreements, Herr Escherich said the Iranian crisis would put further pressure on energy prices throughout the year.

The weakness of the dollar compounded these problems. VAW stressed that each pfennig rise in the Deutsche-Mark's parity with the dollar meant an additional exchange loss of DM 4m a year.

The electricity price rises, however, had benefited VIAG's electricity interests. Profits from these played a major role in absorbing the VAW loss, Herr Escherich said. None the less, VIAG was badly hit by the performance of VAW and profits fell to DM 4m from DM 53m in 1977. VIAG has decided not to pay a dividend this year to the federal government. In 1977, it paid out DM 22m, which represented 5 per cent of capital.

● American Agency Financial Corporation said Vereinigte Haftpflicht Versicherung AG acquired 54 per cent of its stock for $55m, reports AP-DJ from Atlanta.

American Agency said that the West German insurance concern acquired the stock from subsidiaries of American Financial Corporation, an insurance holding company based in Cincinnati, Ohio.

In Cincinnati, American Financial said that it sold its entire interest in American Agency in April.

## Hapag Lloyd cuts dividend

By Guy Hawtin in Frankfurt

HAPAG - LLOYD, West Germany's largest shipping group, expects earnings for 1978 would be below the "planned level." Thanks to substantial extraordinary earnings and a breakeven at the operating level, shareholders will not forego a dividend, but the payment will certainly be lower than the 9 per cent of 1977.

Hapag-Lloyd, like most European shipping concerns, has seen profits greatly eroded by both competition in the freight carrying sector and the decline in the value of the dollar.

● West German diesel engine and mechanical engineering group, Kloeckner-Humboldt-Deutz, is raising its dividend from DM 6 to DM 7 per share, writes Adrian Dicks from Bonn. Results for 1978 appear to be roughly in line with last year's.



## Lower income forecast for Superfos

COPENHAGEN — Superfos, the Danish fertiliser and chemical group, expects a satisfactory 1979 operating income though it may be slightly lower than in 1978.

This assumes the company can avoid devaluations and experiences more stable financial development, according to the company's annual report.

Last year group operating profit before tax was DKr 174m ($32.5m) against DKr 107m in 1977 while group after tax profit rose to DKr 149m from DKr 89m.

The group last year raised total turnover to DKr 3.26bn from DKr 2.98bn.

Reuter.

## Volker Stevin to expand abroad

BY CHARLES BATCHELOR IN AMSTERDAM

NEWLY-MERGED construction and dredging group, Volker Stevin, plans to expand its geographical base as well as maintain its market position in Holland. It is also working towards a "stable position" in chosen foreign markets, writes Mr. Jan van Den Driest, managing board chairman, in the annual report.

As to the profits outlook, he declined to go further than the company's earlier forecast that the 1979 result would be at least level with last year's when net profits Fl 85.5m ($41.5m)) were achieved on turnover of Fl 2.83bn. These figures were the combined results of Adriaan Volker and the Stevin Group which merged last November. Combined profit of the two concerns in 1977 was Fl 71.3m.

The company's order book was worth Fl 2.57bn at the end of December. Its quality is described as good but "the volume could be higher." The present downturn in the dredging market—this market accounted for 24 per cent of turnover last year compared with 36 per cent in 1977—is expected to be temporary. The company sees good prospects in the U.S. and recently won a $50m order together with the U.S. company, C. F. Bean. This is the largest contract to be awarded to a private dredging company in the U.S. for more than a decade.

The "difficult situation" in the offshore market is expected to continue throughout 1979. The marine construction division will be dependent on incidental large projects while the onshore construction and road building sectors aim for a continuity of operation in chosen countries.

Dutch trading, industrial and construction group, Ogem, expects profits this year to be unchanged or slightly lower than the Fl 32.8m ($16m) of 1978. This year's results will depend to a great extent on success in making good the effects of the severe winter, declares the annual report.

The reorganisation of two of the company's three divisions —trading and construction—is expected to start to have an impact on group performance this year. At the same time a large slice of the profits arising from the S870m construction project in Saudi Arabia, which will be completed within the next few weeks, will be booked this year.

The accounts explain that the failure of the West German building company Beton and Monierbau, in which Ogem had a 25 per cent shareholding, has cost the company a "considerable" sum.

## Heavy depreciation hits Statoil

BY FAY GJESTER IN OSLO

STATOIL, NORWAY'S State oil company, suffered a net loss of NKr 194m ($35m) in 1978, reflecting high depreciation and financial costs. The company, founded in 1972, is still spending heavily on development. Its operating losses last year were NKr 97m.

Statoil invested NKr 2,?45m last year. NKr 1.503m of it in the Statfjord field, where the company has a 44.4 per cent stake. Its turnover reached NKr 2,001m, with crude oil accounting for 61 per cent of this. Refined products and petrochemicals accounted for the rest.

* * *

Norse Petroleum, one of the small private oil companies formed in Norway in the early 1970s, made its first-ever annual profit in 1978, reflecting a good return on its investments in the Gulf of Mexico.

Profit after tax reached NKr 5.5m compared with a loss of NKr 2.6m in 1977. This reduced the accumulated deficit to NKr 32.35m. The annual report says it is hoped that the whole deficit will have been wiped out by 1983.

Norse has a 60 per cent stake in a drilling rig, "Norkong," which is currently charted to Atlantic Richfield (Arco) at a "profitable rate" for operations in the Gulf of Mexico. The charter, which runs to the end of this year, allows for an 11 per cent return on equity, after operating and capital costs have been met.

Norse also has a small stake in an offshore gas field in the Gulf, which is now ready to start production, plus several other blocks, where gas finds have been made.

## Higher material costs to curb Sprecher

By Our Financial Staff

PROFITS of Swiss engineering concern, Spreacher and Schuh are likely to fall considerably this year both for the group and the parent company.

Dr. Jacques Engeli, group management member, said orders had been accepted in the second half of 1978 at unfavourable conditions due to the currency situation while there were now signs of rising material costs.

Some 60 per cent of Sprecher's turnover last year was accounted for by European sales — Switzerland itself with 23.3 per cent—whole North and South America contributed 21.4 per cent of group turnover. Almost two-thirds of the sales came from the energy distribution equipment sector.

Last year, group turnover increased slightly from SwFr 477m ($277m) to

## Danish shipping line seeks UK partners

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

DANISH shipping group, DFDS, is on the look out for UK partners for joint ventures in transport projects.

Mr. Eric Heirung, president of the company, said in London yesterday that DFDS also had the cash resources to consider further acquisitions in the UK if the right opportunities arose.

DFDS already has close links with the Ellerman Wilson shipping company and owns three small East coast road haulage companies. Its ferry business is also heavily dependent upon the British market.

Mr. Heirung said that the group believed in expansion and diversification into non-marine transport as the best way of maintaining its equity base and countering the cyclical pattern in shipping.

The downturn in the shipping cycle was chiefly responsible for reducing DFDS's earnings last year. Pre-tax profit slipped to DKr 151m (£27.5m), against DKr 221m in 1977. Turnover was up 2 per cent to DKr 1.9bn

The group's shipyards continue to operate profitably, which Mr. Heirung attributes to the fact that the Danish shipbuilding industry is one of the few in Europe without direct Government support.

The group's main shipping interests are in North Sea ferries, which suffered a $2.5m loss earlier this year as a result of the UK road haulage strike and a ten-week stoppage at Grimsby.

DFDS's five-year plan includes a stipulation that there must be at least one acquisition or major expansion each year and that any new venture must be capable of producing an average 18 per cent return

SWISS INSURERS

## Growth for major life group

BY JOHN WICKS IN ZURICH

AN INCREASE of 10 per cent in the value of new policies is reported by Swiss Life Insurance, Switzerland's leading life insurer, for the first four months of 1979.

The company views the current year with confidence, backed by an increase of 8 per cent in premium income for the opening four months. Growth is said to be particularly marked among Swiss Life's foreign operations.

Outside Switzerland new-policy value jumped by 23 per cent and premium income by 25 per cent in January to April, 1979. In calender 1978, premiums in local currency had risen on foreign markets by some 12 per cent, though this was not mirrored in consolidated figures owing to the high level of the Swiss franc exchange rate.

As much as 47 per cent of policy value and 31 per cent of group premium income were last year accounted for by countries other than Switzerland.

Swiss Life's network, one of the largest in the industrialised world, was extended further in 1978 and now accounts for about 20 per cent of its overall group-policy coverage volume.

* * *

The current year has got off to a good start for Zurich Insurance with business developing at the same rhythm as in 1978. Local currency premiums are seen as rising less rapidly than last year, probably at a rate of about 10 per cent. However, there has been considerable pressure on premiums in North America and this winter had brought "substantial elemental claims in Europe," particularly in the form of cold and water damage in North Germany and the UK.

In terms of Swiss francs, major income last year came from Switzerland with SwFr 620m ($360m), the U.S. with SwFr 512.1m, Federal Germany with SwFr 221.7m and the UK with SwFr 208.3m. Zurich's underwriting loss fell from SwFr 112m to SwFr 83m last year. Overall net profits increased from SwFr 48.7m to SwFr 55.7m.

* * *

Winterthur is lifting its dividend by SwFr 3 to SwFr 43 per share for 1978 on the back of a rise in profits from SwFr 50.4m to SwFr 54.4m. Premium income rose by 6.6 per cent to SwFr 1.84bn.

Since claims went up simultaneously by only 2.1 per cent, the company booked a more favourable underwriting result. At the same time, an increase in capital earnings more than compensated for higher depreciation and tax costs.

The Assurance affiliate Winterthur Life Insurance booked a rise in premium income by 15.5 per cent to SwFr 984.1m with total policy value rising to SwFr 36.13bn. Winterthur Life is to maintain dividend at SwFr 70 per share.

Companies and Markets

# INTERNATIONAL COMPANIES and FINANCE

## Tunnel group lifts payout

By Hugh Peyman in Hong Kong

CROSS-HARBOUR Tunnel Company's net profit rose by 25.5 per cent to HK$109.92m (US$21.8m) in the year to March 31. The major participants in the tunnel which links Hong Kong Island with mainland Kowloon, are Wheelock Marden, Hutchison and Hongkong and Shanghai Bank.

A final quarterly dividend of 35 cents is proposed to make an annual total of 80 cents per share, compared with 60 cents in the previous year.

The directors expect to pay first, second and third quarterly dividends of 20 cents each in the current year, and forecast a final quarterly dividend of at least 20 cents.

The company has transferred HK$5m to general reserve.

## Japan bank CDs start tomorrow

TOKYO—Japanese commercial banks will start issuing certificates of deposit (CDS) tomorrow, opening the long-awaited Tokyo CD market.

A finance ministry official in charge of banking matters said yesterday that many of the nation's 13 major commercial banks are expected to issue CDS to raise funds.

The Government completed drafting CD regulations earlier this year and sent them to banking institutions throughout Japan. Under the regulations, each bank is allowed to issue CDS worth up to 10 per cent of its shareholders' equity. The minimum volume of any one issue of CDs will be Y500m ($2.32m).

The maturity of CD issues will range from three to six months and their interest rates will be free of Government control, unlike most other interest rates that are set by the Government.

The finance ministry official did not disclose details, but the 13 major banks are reported to be ready to offer some Y50bn worth of CDs by the end of next month.

Even while the Government was drawing up the regulations, strong demand was reported for CDs, with banks receiving large numbers of inquiries.

* * *

Direct investment overseas by Japanese companies is expected to total about $4.5bn in the year ended March 31, 1979, a record, Finance Ministry officials said yesterday.

Investment between April and December 1978 came to $3.48bn, already approaching the record of $3.49bn set in 1973-74.

Although statistics for the January-March quarter are not available until June, the officials said investment is likely to total a little over $1bn during the period, bringing the total direct overseas investment to about $4.5bn.

Japanese companies, the officials noted, used to go overseas to take advantage of inexpensive labour or to participate in projects to develop natural resources in developing countries.

A recent trend indicates, however, that an increasing number of companies are turning their attention abroad because of the instability of the domestic market, induced partly by the dwindling oil supplies. The officials also cited the yen's rise and trade frictions between Japan and other countries as reasons behind the growing direct investment overseas.
AP-DJ

## Straits Times profits fall

By Georgie Lee in Singapore

THE sharp growth over the past two years enjoyed by the leading Singapore English language newspaper publisher, Straits Times Press (1975) came to a halt in the half-year to February, when group net profit fell by almost 9 per cent to S$2.8m (US$1.3m) despite a 34 per cent rise in turnover to S$30.65m (US$14m).

Straits Times Press has declared a gross interim dividend of 7.5 per cent.

The group's sister company, Times Publishing Berhad, which is involved in general publishing and printing, however, fared much better.

At the half-way mark, Times Publishing had chalked up a 22 per cent rise in group pretax profit to S$12.98m. However, extraordinary losses of S$1.8m—because of the closure of a significant part of a subsidiary's business, and S$300,000 of currency losses—brought attributable profit at the pretax level down to S$10.9m, barely 2.5 per cent higher than the previous year's figure.

Times Publishing has also declared a gross interim dividend of 7.5 per cent.

## Record results for Singapore newspaper

SIN CHEW JIT POH (SINGAPORE), the leading Singapore Chinese newspaper publisher, has reported record results for the year to December, writes Georgie Lee in Singapore. Post-tax profit soared 121 per cent to S$2.4m (U.S.$1.1m) although turnover was only 18 per cent higher, at S$21m (U.S.$9.5m).

Tax provisions rose by 77 per cent to S$1.7m. The company has proposed a first and final gross dividend of 12 per cent.

MITSUBISHI-CHRYSLER AUSTRALIA

## Plan for majority stake

ADELAIDE—Mitsubishi Motor Corporation and Mitsubishi Corporation of Japan have proposed acquisition of a joint majority stake in Chrysler Australia Ltd. (CAL), the Mitsubishi companies and Chrysler Corporation said.

The acquisition is planned to take place within about 15 months of Mitsubishi's initial acquisition of a joint one-third stake in CAL.

The companies completed an agreement for the initial purchase yesterday after CAL shareholders ratified it at an extraordinary meeting here.

If the two Mitsubishi companies do not acquire the majority stake, Chrysler Corporation will have a six-month option to purchase from them all CAL shares acquired.

As previously reported, the Mitsubishi companies will each acquire 10m CAL A$1 par shares for A$1.35 each, or a total of A$27m (U.S.$30m).

The increased product and technical co-operation resulting from the agreement would expedite CAL's integration with world motor industry developments, it was said.

The statement noted that a Mitsubishi Motors-desinged product manufactured by CAL, the Sigma range, became Australia's top selling four-cylinder car

Four Mitsubishi directors yesterday joined the CAL Board, enlarging it to 12 members.

Shareholders in CAL also approved an 11-for-20 issue to local shareholders, also at A$1.35 a share.

CAL's issued capital will rise to 59.75m shares from the present level of 39.41m, assuming the holders of the 619,000 Australian-held shares take up the issue, and taking into account the Mitsubishi issue.

The other shareholder in CAL, and the largest, is Chrysler Overseas Capital Corporation.
Reuter

## Woolworths sees further growth

BY JAMES FORTH IN SYDNEY

WOOLWORTHS, the major Australian retail group, expects continued growth in profitability, Sir Theo Kelly, the chairman, said at the annual meeting in Sydney. Trading results for the current year had been in line with management forecasts, and the company should have a successful year despite keen competition.

Sales had approximated to the budget so far, despite an industrial dispute involving the storemen and packers at the major warehouses in Victoria. The main issue was a union demand that Woolworths become a contributor to the union's retirement fund—a plan turned down because the company had had its own fully funded superannuation scheme for 40 years.

"Had we acceded to the union's demand it could have led to considerable damage to our own superannuation fund and, indeed, to superannuation funds all over Australia," Sir Theo said. He also referred to speculation that the Federal Government might discontinue tax concessions on trading stock valuations designed partially to allow for the effects of inflation.

This would be a retrograde step, he said, and would generally inhibit corporate growth.

## Good start to year for Century Spinning

BY K. K. SHARMA IN NEW DELHI

*CENTURY SPINNING* and Manufacturing Company, the Birla owned firm which is a pace setter in Indian stock exchanges, has reported that its textile, tyre-cord and cement divisions are doing well in 1979.

Mr. S. K. Birla, a director who presided over the company's annual meeting in Bombay in the absence of Mr. B. K. Birla, the chairman, said that sales during the first quarter of 1979 were about 15 per cent higher than those of the corresponding period of 1978. This was largely due to higher despatches of cement following an improvement in the availability of railway wagons, and better sales of textiles and rayon yarn.

Exports during the first quarter of 1979 were 47 per cent higher than for the same period of 1978 because of a sharp rise in sales of textiles and rayon products. Mr. Birla said that the textiles division was doing well because of improved demand at home and abroad. The rayon division was in better shape despite the setback in sales of tyre-cord earlier in the year owing to problems faced by Indian tyre manufacturers.

With the recent upward revision in cement prices, the company's cement division is expected to show better profitability. The company has received Government permission to set up a new cement plant with an annual capacity of 1m tonnes at a cost of R550m ($67.9m) in Maharashtra State.

This is in line with the Government policy of allowing companies in the so-called monopoly groups to expand and diversify into areas where there are shortages. Many other "monopoly" firms have received licences for new cement plants.

Mr. Birla said the project would be financed largely from internal resources. This is seen as a significant statement since public financial institutions are discouraged by the Government to give credit to the "monopoly" houses. The project is expected to be completed within three years and the management plans to begin prospecting for limestone and ordering plant and machinery within a year.

This will be the company's third cement plant. The first, at Tilda, was commissioned two years ago with a capacity of 600,000 tonnes. The second, at Maihar, has a capacity of 800,000 tonnes and is expected to begin production by the end of this year.

* * *

TOSHIBA ANAND, the manufacturer of dry cell batteries, has declared a dividend of 15 per cent for 1978, compared with 8 per cent for the previous year. This reflects a marked improvement in working results for the year, with gross profit rising to Rs 7.8m (around $1m), from Rs 6.6m in the previous year.

Dry battery production increased 33.12 per cent to 54m units. Sales rose to Rs 74.7m

## Inflation lifts Israeli lending rates

By L. Daniel in Tel Aviv

ISRAELI BANK lending rates are to rise by a further 4-5 per cent, as a result of the country's galloping rate of inflation. As from this week, the effective rate in general for loans from the commercial banks will be between 42 per cent and 47 per cent — and in some cases rates will rise as high as 50 per cent. The rate reflects the size of the loan and the collateral provided. If a customer exceeds the credit facilities granted to him an additional charge of 30 per cent is added, to meet the fines the commercial banks have to pay to the central bank for infringements of the liquidity regulations.

Depositors receive interest at a rate of 28-35 per cent, which compensates roughly for only half the rate of inflation, and means that most savers prefer to invest in index-linked government bonds.

The commercial banks are engaged in fierce competition to attract deposits in long-term savings schemes. All these schemes are linked to the consumer price index. But in addition, the banks are offering one-time grants, to be added to the deposit. The grant had been 14 per cent, on what is currently the most popular scheme, which allows savings up to the equivalent of just under £3,000 —the limit increasing in value as the index rises.

Two banks have now offered grants of 21 per cent and 22 per cent, respectively, where a one-time deposit is made, and slightly lower rates on relatively small one-off deposits added to by monthly instalments.

The initiative was taken because the public has tended to prefer buying index-linked bonds direct.

Meanwhile the banks are now engaged in installing some 200 automatic tellers outside the banks and in large stores, to enable customers to withdraw money — or pay in — without entering the banks, or to do so outside banking hours. Bank Leumi and Israel Discount Bank have joined forces, with such tellers having already been installed in a number of their centrally located branches. Bank Hapoalim, the country's second largest bank, has joined up with United Mizrahi and First International Bank of Israel to instal a similar system.

# Pound steady

Sterling showed hardly any change in yesterday's foreign exchange market, with little in the way of fresh factors to influence trading. On an overall basis it showed a slightly easier tendency but this tended to reflect the rather thin conditions more than any particular trend. On Bank of England figures, the pound's trade weighted index eased to 66.1 from 66.2, having stood at 66.1 at noon and 66.0 in the morning. Against the dollar it opened at $2.0400 and was trading at around $2.0430 by lunchtime. Trading remained fairly steady for the rest of the afternoon and sterling closed at $2.0435-2.0445, a rise of just 10 points from Friday's close.

Trading in sterling appeared to have been restricted with investors waiting for confirmation of the Conservative Government's intentions, due to be amplified in today's Queen's speech.

The dollar failed to show any significant change but finished on or around its best level for the day against most major currencies. In terms of the D-mark it finished at DM 1.9005, unchanged from Friday, and SwFr 1.7185 from SwFr 1.7200 against the Swiss franc. The yen showed a firmer trend, with the dollar easing in yen terms from Y215.0 to Y213.55. The Canadian dollar continued to ease on nervousness ahead of the General Election, and was quoted at 86.02½ U.S. cents compared with 86.27½ U.S. cents on Friday.

On Bank of England figures, the U.S. dollar's trade weighted index eased slightly to 85.9 from 86.0.

The Irish punt improved against most currencies, the more notable exception being the Danish krone, where it fell to DKr 10.6639 from DKr 10.6655 on Friday. Against the dollar, the Irish unit rose to $1.9952 from $1.9940, and 97.55p from 97.23p against sterling. In terms of the Belgian franc it rose to BFr 60.65 from BFr 60.60, against the French franc to FFr 8.7589 from FFr 8.7510, against the D-mark to DM3.7909 from DM3.7885, and L1,695.42 from L1,690.65 against the lira. The punt also rose against the guilder to Fl 4.1257 from Fl 4.1240.

FRANKFURT—There was no intervention by the Bundesbank at yesterday's fixing when the dollar was fixed at DM 1.8989 hardly changed from Friday's level of DM 1.8985. Trading was generally steady throughout, with little to affect market conditions. Sterling was fixed at DM3.8830, well down from Friday's level of DM3.8940.

MILAN—The lira showed a weaker tendency against most major currencies with the exception of sterling. However there did not appear to be any sizeable intervention by the Bank of Italy. The dollar was quoted at L848.95, up from L848.20 previously. The D-mark was also firmer at L446.92 against L446.7, while sterling was fixed at L1,736.65 compared with L1,739.9 previously.

TOKYO—The dollar lost ground against the yen and closed at Y213.85, compared with Y215.025 on Friday. In early trading the U.S. unit eased to Y211.60 in response to the relaxing of controls on capital inflows into Japan. However, during the afternoon, the dollar recovered to touch Y214.20, before selling pressure saw the rate fall to its closing level.

## THE POUND SPOT AND FORWARD

| May 14 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.0390-2.0485 | 2.0435-2.0445 | 0.37-0.27c pm | 1.88 | 0.80-0.70 pm | 1.47 |
| Canada | 2.3675-2.3765 | 2.3750-2.3670 | 0.30-0.20c pm | 1.26 | 0.68-0.58 pm | 1.06 |
| Nethlnd. | 4.21-4.24½ | 4.22½-4.23½ | 2½-1½c pm | 4.61 | 5¼-4¼ pm | 4.37 |
| Belgium | 61.95-62.30 | 62.10-62.20 | 30-20c pm | 4.83 | 65-55 pm | 3.86 |
| Denmark | 10.89-10.93½ | 10.92-10.93 | 3-1 ore pm | 2.20 | 4¾-2¾ pm | 1.37 |
| Ireland | 1.0230-1.0280 | 1.0250-1.0260 | 15-25p dis | −2.34 | 63-73 dis | −2.65 |
| W. Ger. | 3.86½-3.90 | 3.88¼-3.89¼ | 2⅞-1⅞ pf pm | 7.33 | 6¾-5¾ pm | 6.43 |
| Portugal | 100.30-101.00 | 100.55-100.65 | 50-110c dis | −9.54 | 150-250 dis | −7.95 |
| Spain | 134.80-135.30 | 135.00-135.10 | 10c pm-40c dis | −1.33 | 10pm-80dis | −1.30 |
| Italy | 1,730-1,751 | 1,736-1,737 | 3-1 lire pm | 1.36 | 4-2 pm | 0.69 |
| Norway | 10.57-10.62 | 10.60-10.61 | 5⅝-3⅝ ore pm | 4.81 | 11¼-9¼ pm | 3.87 |
| France | 8.94-8.98 | 8.96¼-8.97¼ | 3-2c pm | 3.34 | 7-6 pm | 2.90 |
| Sweden | 8.94-8.95 | 8.96¾-8.97¾ | 3-1 ore pm | 2.67 | 6¾-4¾ pm | 2.56 |
| Japan | 430-438 | 436-437 | 3.05-2.75y pm | 7.99 | 8.10-7.70 pm | 7.24 |
| Austria | 28.45-28.62 | 28.55-28.60 | 20-10 gro pm | 6.30 | 50-40 pm | 6.30 |
| Switz. | 3.49½-3.53½ | 3.51-3.52 | 3⅞-2⅞c pm | 11.52 | 9⅞-8⅞ pm | 10.67 |

Belgium rate is for convertible francs. Financial franc 63.90-64.00. Six-month forward dollar 1.25-1.15c pm; 12-month 2.20-2.10c pm.

## THE DOLLAR SPOT AND FORWARD

| May 14 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.0390-2.0485 | 2.0435-2.0445 | 0.37-0.27c pm | 1.72 | 0.80-0.70 pm | 1.47 |
| Ireland† | 1.9900-1.9985 | 1.9900-1.9950 | 0.80-0.65c pm | 4.37 | 2.15-2.00 pm | 4.17 |
| Canada† | 86.06-86.11 | 86.07-86.10 | 0.07-0.05c pm | 0.84 | 0.13-0.10 pm | 0.53 |
| Nethlnd. | 2.0660-2.0700 | 2.0680-2.0700 | 0.65-0.55c pm | 3.48 | 1.65-1.55 pm | 3.09 |
| Belgium | 30.34-30.40 | 30.38-30.40 | 8½-7½c pm | 2.76 | 21-19 pm | 2.63 |
| Denmark | 5.3355-5.3480 | 5.3435-5.3480 | 0.80-0.30 ore pm | 1.23 | 0.80-0.30 pm | 0.41 |
| W. Ger. | 1.8980-1.9005 | 1.8995-1.9005 | 0.91-0.81 pf pm | 5.43 | 2.45-2.35 pm | 5.06 |
| Portugal | 49.20-49.30 | 49.25-49.30 | 33-48c dis | −9.86 | 90-140 dis | −9.34 |
| Spain | 66.03-66.07 | 66.03-66.06 | 33-48c dis | −1.27 | 22-32 dis | −1.63 |
| Italy | 847.85-850.00 | 849.50-850.00 | 0.25-0.50 lire dis | −0.53 | 1.40-1.90dis | −0.78 |
| Norway | 5.1805-5.1875 | 5.1865-5.1875 | 1.65-7.15 ore pm | 3.24 | 3.70-3.20 pm | 2.86 |
| France | 4.3875-4.3910 | 4.3895-4.3910 | 0.65-0.55c pm | 1.64 | 1.75-1.60 pm | 1.53 |
| Sweden | 4.3865-4.3895 | 4.3878-4.3888 | 0.70-0.50c pm | 1.64 | 1.75-1.55 pm | 1.50 |
| Japan | 213.25-213.70 | 213.50-213.70 | 1.18-1.08y pm | 6.81 | 3.10-3.00 pm | 5.71 |
| Austria | 13.958-13.988 | 13.983-13.988 | 6.75-6.25 gro pm | 5.58 | 17.5-16.0 pm | 4.79 |
| Switz. | 1.7188-1.7200 | 1.7190-1.7200 | 1.50-1.40c pm | 10.12 | 4.10-4.00 pm | 9.42 |

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## CURRENCY RATES

| May 11 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 12 | 0.621746 | 0.646981 |
| U.S. $ | 9½ | 1.27346 | 1.32728 |
| Canadian $ | 11¼ | 1.47645 | 1.53991 |
| Austria Sch. | 3¾ | 17.7902 | 18.5355 |
| Belgian F | 7 | 38.7323 | 40.3494 |
| Danish K | 8 | — | 7.10096 |
| D mark | 4 | 2.41766 | 2.51985 |
| Guilder | 6½ | 2.53543 | 2.74562 |
| French Fr. | 9½ | 5.58985 | 5.82212 |
| Lira | 10½ | 1080.21 | 1126.07 |
| Yen | 4¼ | 274.303 | 284.370 |
| Nrwgn. K | 7 | 6.59525 | 6.87997 |
| Spanish Pes. | 8 | 84.0615 | 87.6736 |
| Swedish Kr. | 6½ | 5.59520 | 5.81973 |
| Swiss Fr. | 1 | 2.18780 | 2.28027 |

## CURRENCY MOVEMENTS

| May 14 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 66.1 | −38.2 |
| U.S. dollar | 85.9 | −7.7 |
| Canadian dollar | 81.5 | −16.2 |
| Austrian schilling | 145.0 | +18.7 |
| Belgian franc | 112.8 | +13.3 |
| Danish kroner | 115.8 | +5.1 |
| Deutsche Mark | 149.3 | +41.4 |
| Swiss franc | 193.1 | +80.6 |
| Guilder | 123.6 | +19.5 |
| French franc | 98.3 | −7.0 |
| Lira | 54.5 | −48.9 |
| Yen | 135.8 | +34.3 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

## OTHER MARKETS

| May 14 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 2504-2524 | 1225-1235 | Austria | 28½-29½ |
| Australia Dollar | 1.8390-1.8430 | 0.8995-0.9015 | Belgium | 63¾-64¾ |
| Brazil Cruzeiro | 50.02-51.02 | 24.45-24.95 | Denmark | 10.85-11.05 |
| Finland Markka | 8.14-8.15 | 3.9790-3.9810 | France | 8.85-9.05 |
| Greek Drachma | 75.477-77.356 | 36.90-37.80 | Germany | 3.85-3.95 |
| Hong Kong Dollar | 10.29½-10.30½ | 5.0550-5.0600 | Italy | 1,710-1,740 |
| Iran Rial | 147-151 | 71.77 | Japan | 425-435 |
| Kuwait Dinar (KD) | 0.562-0.567 | 0.2775-0.2776 | Netherlands | 4.20-4.30 |
| Luxembourg Frc. | 62.10-62.20 | 30.30-30.41 | Norway | 10.55-10.70 |
| Malaysia Dollar | 4.5245-4.5460 | 2.2240-2.2260 | Portugal | 96-100 |
| New Zealand Dlr. | 1.9520-1.9580 | 0.9550-0.9580 | Spain | 133.5-136.5 |
| Saudi Arab. Riyal | 6.85-6.90 | 3.3600-3.3609 | Switzerland | 3.45-3.55 |
| Singapore Dollar | 4.4965-4.5390 | 2.2055-2.2075 | United States | 2.0325-2.0625 |
| Sth. African Rand | 1.75-1.74 | 0.8463-0.8515 | Yugoslavia | 42-44 |

Rate given for Argentina is free rate.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU May 14 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.4582 | 40.3494 | +2.26 | +1.72 | ±1.53 |
| Danish Krone | 7.08592 | 7.10096 | +0.21 | −0.32 | ±1.635 |
| German D-mark | 2.51064 | 2.51985 | +0.37 | −0.17 | ±1.1325 |
| French Franc | 5.79831 | 5.82212 | +0.41 | −0.13 | ±1.35 |
| Dutch Guilder | 2.72077 | 2.74562 | +0.91 | +0.38 | ±1.5075 |
| Irish Punt | 0.662638 | 0.665272 | +0.40 | −0.14 | ±1.665 |
| Italian Lira | 1148.15 | 1126.07 | −1.92 | −1.92 | ±4.0725 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on May 14, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| Place and local unit | | Value of £ sterling |
|---|---|---|
| Afghanistan | Afghani | 90.00 |
| Albania | Lek | 10.008 |
| Algeria | Dinar | 7.82527 |
| Andorra | French Franc | 8.9725 |
| | Spanish Peseta | 135.05 |
| Angola | Kwanza | 60.118 |
| Antigua (S) | E. Caribbean $ | 5.5239 |
| Argentina | Ar. Peso Free Rate | 2514 |
| Australia (S) | Australian $ | 1.8410 |
| Austria | Schilling | 28.57½ |
| Azores | Portug. Escudo | 100.60 |
| Bahamas (S) | Ba. Dollar | 2.0440 |
| Bangladesh (S) | Taka | 31.89 (sg) |
| Bahrain (S) | Dinar | 0.784 |
| Balearic Isles | Spa. Peseta | 135.05 |
| Barbados (S) | Babados $†† | 4.088 |
| Belgium | B. Franc | (cm) 62.15 |
| | | (fn) 63.95 |
| Belize | B $ | 4.088 |
| Benin | C.F.A. Franc | 448⅝ |
| Bermuda (S) | Bda $ | 2.0440 |
| Bhutan | Indian Rupee | 17.04 (sg) |
| Bolivia | Bolivian Peso | 40.88 |
| Botswana (S) | Pula | 1.6928 |
| Brazil | Cruzeiro ‡‡ | 50.52 |
| Brit. Virgin Isles (S) | U.S. $ | 2.0440 |
| Brunei (S) | Brunei $ | 4.5390 |
| Bulgaria | Lev | 1.8113 |
| Burma | Kyat | 13.7502 |
| Burundi | Burundi Franc | 185.105 |
| Cameroon Repub'c | C.F.A. Franc | 448⅝ |
| Canada | Canadian $ | 2.3755 |
| Canary Islands | Spanish Peseta | 135.05 |
| Cape Verde Isle | Cape V. Escudo | 74.6264 |
| Cayman Islands (S) | Cay. Is. $ | 1.703 |
| Cent. African Rep. | C.F.A. Franc | 448⅝ |
| Chad | C.F.A. Franc | 448⅝ |
| Chile | C. Peso | (Bk) 73.68 |
| China | Renminbi Yuan | 3.2435 |
| Colombia | C. Peso | (F) 86.76 |
| Comoro Islands | C.F.A. Franc | 448⅝ |
| Congo (Braz'ville) | C.F.A. Franc | 448⅝ |
| Costa Rica | Colon | 17.5784 |
| Cuba | Cuban Peso | 1.5159 |
| Cyprus (S) | Cyprus £ | 73.60 |
| Czechoslovakia | Koruna | (com) 11.45 |
| | | n/c 22.78 |
| | | (T)19.35 |
| Denmark | Danish Krone | 10.92½ |
| Djibouti | Fr. | 340.0 |
| Dominica (S) | E. Caribbean $ | 5.5239 |
| Dominican Repub. | Dominican Peso | 2.0440 |
| Ecuador | Sucre | (O) 57.61 |
| | | (F) 58.51 |
| Egypt | Egyptian £ | (U) 1.4025 |
| Equatorial Guinea | Peseta | 135.05 |
| Ethiopia | Ethiopian Birr | (P) 4.2359 |
| Falkland Islands (S) | Falkland Is. £ | 1.0 |
| Faro Islands | Danish Krone | 10.92½ |
| Fiji Islands | Fiji $ | 1.7165 |
| Finland | Markka | 8.9725 |
| France | French Franc | 8.9725 |
| FrenchC'tyin Af* | C.F.A. Franc | 448⅝ |
| French Guiana | Local Franc | 8.9725 |
| French Pacific Is. | C.F.P. Franc | 163.14 |
| Gabon | C.F.A. Franc | 448⅝ |
| Gambia (S) | Dalasi | 4.0 |
| Germany (East) | Ostmark | 3.8875 |
| Germany (West) | Deutsche Mark | 3.8875 |
| Ghana (S) | Cedi | 5.64 (sg) |
| Gibraltar (K) | Gibraltar £ | 1.0 |
| Gilbert Islands | Australian $ | 1.8410 |
| Greece | Drachma | 75.3915 |
| Greenland | Danish Kroner | 10.92½ |
| Grenada (S) | E. Caribbean $ | 5.5239 |
| Guadaloupe | Local Franc | 8.9725 |
| Guam | U.S. $ | 2.0440 |
| Guatemala | Quetzal | 2.0440 |
| Guinea Republic | Sily | 39.5148 |
| Guinea Bissau | | 70.4397 |
| Guyana (S) | Guyanese $ | 5.2122 |
| Haiti | Gourd | 10.22 |
| Honduras Repub. | Lempira | 4.11 |
| Hong Kong (S) | H.K. $ | 10.3025 |
| Hungary | Forint | (com) 73.61 |
| | | (T)(nc) 42.06 |
| Iceland (S) | I. Krona | 682.50 |
| India (S) | Ind. Rupee | 17.04 |
| Indonesia | Rupiah | 1,277.5 |
| Iran | Rial | 144.0 |
| Iraq | Iraq Dinar | 0.6026 |
| Irish Republic (k) | Irish £ | 1.0255 |
| Israel | Israel £ | 48.06 |
| Italy | Lira | 1,736½ |
| Ivory Coast | C.F.A. Franc | 448⅝ |
| Jamaica (S) | Jamaica Dollar | 3.5566 |
| Japan | Yen | 436½ |
| Jordan (S) | Jordan Dinar | 0.610(sg) |
| Kampuchea | Riel | 2452.8 |
| Kenya (S) | Kenya Shilling | 15.455 |
| Korea (Nth) | Won | 1.77(T) |
| Korea (Sth) | Won | 993.41 |
| Kuwait (Sth) | Kuwait Dina | 0.567 |
| Laos | Kip Pot Po | 817.6 |
| Lebanon | Lebanese £ | 6.6144 |
| Lesotho | S. African Rand | 1.7350 |
| Liberia | Liberian $ | 2.0440 |
| Libya | Libyan Dinar | 0.6051 |
| Liechtenstein | Swiss Franc | 3.51½ |
| Luxembourg | Lux Franc | 62.15 |
| Macao | Pataca | 10.7208 |
| Madeira | Portug'se Escudo | 100.60 |
| Malagasy Republic | MG Franc | 448⅝ |
| Malawi (S) | Kwacha | 169.0 |
| Malaysia (S) | Ringgit | 4.5395 |
| Maldive Islands (S) | Mal Rupee | 8.0329 |
| Mali Republic | Mali Franc | 909.5 |
| Malta (S) | Maltese £ | 0.75 |
| Martin que. | Local Franc | 8.9725 |
| Mauritania | Ouguiya ‡ | 89.394 |
| Mauritius (S) | M. Rupee | 12.3478 |
| Mexico | Mexican Peso | 46.71 |
| Miquelon | C.F.A. Franc | 448⅝ |
| Monaco | French Franc | 8.9725 |
| Mongolia | Tugrik | (O)5.867(l) |
| Monserrat | E. Caribbean $ | 5.5239 |
| Morocco | Dirham | 8.08(sg) |
| Mozambique | Moz. Escudo | 55.095 |
| Nauru | Australian Dollar | 1.8410 |
| Nepal | Nepalese Rupee | 24.347½ |
| Netherlands | Guilder | 4.23 |
| Netherland Antilles | Antillian Guilder | 365.88 |
| New Hebrides | Franc. | 0.8552 |
| | Aust. Dollar | 1.8410 |
| New Zealand (S) | N. Z. Dollar | 1.9550 |
| Nicaragua | Cordoba | 20.39 |
| Niger Republic | C. F. A. Franc | 448⅝ |
| Nigeria (S) | Naira | 1.2737(sg) |
| Norway | Norway Krone | 10.60½ |
| Oman Sul'ate of (S) | Rial Omani | 0.706 |
| Pakistan | Pakistan Rupee | 20.19 |
| Panama | Balboa | 2.0440 |
| Papua N. Guinea (S) | Kina | 1.4620 |
| Paraguay | Guarani | 255.21 |
| Peoples D. Repub. of Yemen (S) | S. Yemen Dinar | (A)0.9327 |
| Peru | Sol | exc(A)4.3962 |
| Philippines | Philippine Peso | 15.100 |
| Pitcairn Islands (S) | £ Sterling | |
| | New Zealand $ | 1.9550 |
| Poland | Zloty | (Cm)65.38 |
| | | (T)63.38 |
| Portugal | Portugu'se Escudo | 100.60 |
| Port Timor | Timor Escudo | 100.60 |
| Principe Islands | Portugu'se Escudo | 100.60 |
| Puerto Rico | U.S. $ | 2.0440 |
| Qatar (S) | Qatar Ryal | 7.69 |
| Reunion Ile de la | French Franc | 8.9725 |
| Rhodesia | Rhodesian $ | 1.4175 |
| Romania | Leu | (Cm)9.07 |
| | | (c/o)T24.35 |
| Rwanda | Rwanda Franc | 190.79 |
| St. Christopher (S) | E. Caribbean $ | 5.5239 |
| St. Helena | St. Helena £ | 1.0 |
| St. Lucia | E. Caribbean $ | 5.5239 |
| St. Pierre | C.F.A Franc | 448⅝ |
| St. Vincent (S) | E. Caribbean $ | 5.5239 |
| Salvador El | Colon | 5.19 |
| Samoa American | U.S. $ | 2.0440 |
| San Marino | Italian Lire | 1,736½ |
| Sao Tome | Portugese Escudo | 100.60 |
| Saudi Arabia | Ryal | 6.90 |
| Senegal | C.F.A. Franc | 448⅝ |
| Seychelles | S. Rupee | 13.33 |
| Sierra Leone (S) | Leone | 1.9800 |
| Singapore (S) | Singapore $ | 4.5390 |
| Solomon Islands (S) | Solomon Is. $ | 1.8582 |
| Somali Republic | Somali Shilling | (A)12.8570 |
| South Africa (S) | Rand | 1.7350 |
| South West African Territories (S) | S. A. Rand | 1.7350 |
| Spain | Peseta | 135.05 |
| Spanish ports in North Africa | Peseta | 135.05 |
| Sri Lanka (S) | S. L. Rupee | 31.7325 |
| Sudan Republic | Sudan £ | (A)0.8176 |
| Surinam | S. Guilder | 3.7196 |
| Swaziland (S) | Lilangeni | 1.7350 |
| Sweden | S. Krona | 8.9725 |
| Switzerland | Swiss Franc | 3.5150 |
| Syria | Syria £ | (A)8.0227 |
| Taiwan | New Taiwan | (P)73.58 |
| Tanzania (S) | Tan. Shilling | 16.90 |
| Thailand | Baht | 41.495(sg) |
| Togo Republic | C.F.A. Franc | 448⅝ |
| Tonga Islands (S) | Pa'anga | 1.8582 |
| Trinidad (S) | Trinidad & Tob' $ | 4.9056 |
| Tunisia | Tunisian Dinar | 0.840(sg) |
| Turkey | Turkish Lira | 50.10 |
| Turks & Caicos | U.S. $ | 2.0440 |
| Tuvalu | Australian $ | 1.8410 |
| Uganda (S) | Uganda Shilling | n.a. |
| United States | U.S. Dollar | 2.0440 |
| Uruguay | Uruguay Peso | (cm)15.55 |
| | | (fn)15.62 |
| Utd. Arab Emirates | U.A.E. Dirham | 7.84 |
| U.S.S.R. | Rouble | 1.3685 |
| Upper Volta | C.F.A. Franc | 448⅝ |
| Vatican | Italian Lire | 1736½ |
| Venezuela | Bolivar | 8.78 |
| Vietnam | Dong | (O)4.4559 |
| | | (T)4.970(l) |
| Virgin Islands U.S. | U.S. Dollar | 2.0440 |
| Western Samoa (S) | Samoan Tala | 1.4891 |
| Yemen | Ryal | 9.24(sg) |
| Yugoslavia | New Y Dinar | 39.2954 |
| Zaire Republic | Zaire | 2.21674 |
| Zambia | Kwacha | 1.645 |

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports $5.848. Based on gross rates against Russian rouble. **Rate is the Transfer market (controlled). ††Rate is now based on 2 Barbados £ to the dollar. ‡‡Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

## EXCHANGE CROSS RATES

| May 14 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.044 | 3.889 | 436.5 | 8.973 | 3.515 | 4.230 | 1737. | 2.376 | 62.15 |
| U.S. Dollar | 0.489 | 1. | 1.903 | 213.5 | 4.390 | 1.720 | 2.069 | 849.5 | 1.162 | 30.41 |
| Deutschemark | 0.257 | 0.526 | 1. | 112.3 | 2.308 | 0.904 | 1.088 | 446.7 | 0.611 | 15.99 |
| Japanese Yen 1,000 | 2.291 | 4.683 | 8.906 | 1000. | 20.56 | 8.053 | 9.691 | 3978. | 5.443 | 142.4 |
| French Franc 10 | 1.115 | 2.278 | 4.333 | 486.5 | 10. | 3.918 | 4.714 | 1935. | 2.648 | 69.27 |
| Swiss Franc | 0.284 | 0.582 | 1.106 | 124.2 | 2.553 | 1. | 1.203 | 494.0 | 0.676 | 17.68 |
| Dutch Guilder | 0.236 | 0.483 | 0.919 | 103.2 | 2.121 | 0.831 | 1. | 410.6 | 0.562 | 14.69 |
| Italian Lira 1,000 | 0.576 | 1.177 | 2.239 | 251.4 | 5.167 | 2.024 | 2.436 | 1000. | 1.368 | 35.79 |
| Canadian Dollar | 0.421 | 0.860 | 1.636 | 183.8 | 3.777 | 1.480 | 1.781 | 731.0 | 1. | 26.16 |
| Belgian Franc 100 | 1.609 | 3.289 | 6.255 | 702.3 | 14.44 | 5.656 | 6.806 | 2794. | 3.822 | 100. |

## EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.35-10.45 per cent; three months 10.50-10.60 per cent; six months 10.80-10.90 per cent; one year 10.70-10.80 per cent.

| May 14 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 12-12⅛ | 10-10¼ | 9½-10½ | 7-7¼ | ½-⅝ | 5⅛-5⅛ | 8-9 | 7-10 | — | 1⅛-7 |
| 7 days' notice | 11⅞-12⅛ | 10⅛-10⅝ | 9½-10½ | 7-7¼ | ⅜-¾ | 5⅛-5⅛ | 8-9 | 10-11 | 10⅛-10⅛ | 3⅞-4⅝ |
| Month | 12⅞-12⅞ | 10⅜-10⅝ | 10¾-11⅛ | 7⅛-7⅛ | ⅞-1⅛ | 5⅝-5⅛ | 8⅞-9⅛ | 10½-11½ | 11⅛-11⅛ | 4⅛-5⅛ |
| Three months | 12⅝-12⅝ | 10⅞-10⅞ | 10⅞-11¼ | 7⅞-7⅞ | 1⅝-1½ | 5¾-5⅞ | 9⅛-9⅝ | 10¾-11¾ | 10⅞-10⅞ | 4¾-5⅛ |
| Six months | 12⅛-12⅛ | 11⅛-11⅛ | 10⅞-11⅛ | 8⅛-8⅝ | 2⅛-2⅛ | 5⅞-5⅝ | 9⅜-9⅝ | 11½-12½ | 11⅛-11⅛ | 5¼-5⅝ |
| One year | 12¼-12⅝ | 11-11¼ | 10½-10⅞ | 8⅛-8⅞ | 3½-3⅝ | 6¾-6⅞ | 9⅞-10⅛ | 12-13 | 11⅛-11⅛ | 5⅞-6⅜ |

Long-term Eurodollar deposits: two years 10⅞-10⅞ per cent; three years 10⅛-10⅛ per cent; four years 10-10⅛ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

# New York rates mixed

Conditions were fairly quiet in early New York trading, with Federal funds moving up to 10¼-10⅜ per cent, from 10¼ per cent at the start, and 10⅛ per cent at the same time on Friday. Treasury bill rates were easier, with 13-week bills falling to 9.54 per cent from 9.56 per cent at the start and 9.62 per cent on Friday; and 26-week bills to 9.46 per cent from 9.50 per cent, and 9.56 per cent on Friday. One-year bills also eased, to 9.28 per cent from 9.29 per cent earlier, and 9.36 per cent before the weekend.

PARIS — Day-to-day money rose to 7½ per cent from 7⅛ per cent, while period rates were unchanged at 7⅛-7½ per cent for one-month; 7⅞-7⅞ per cent for three-month; 7⅞-8 per cent for six-month; and 8⅛-8⅜ per cent for 12-month.

FRANKFURT — Call money was unchanged at 5.10-5.15 per cent; one-month at 5.50-5.60 per cent; three-month at 5.80-6.00 per cent; six-month at 6.25-6.35 per cent; and 12-month at 6.90-7.10 per cent.

AMSTERDAM — Call money was unchanged at 7-7⅛ per cent; while one-month was quoted at 7⅜-7⅛ per cent; and three-month at 7⅞-7⅞ per cent; and six-month rose to 8⅜-8⅝ per cent from 8⅛-8½ per cent.

BRUSSELS — One-month deposit rates for the Belgian franc (commercial) were 7⅞-8 per cent; three-month 8⅛-8⅜ per cent; six-month 8⅞-9⅛ per cent; and 12-month 8⅞-9⅛ per cent.

HONG KONG — The money market was stable, with call money at 12 per cent, and overnight at 11 per cent.

SINGAPORE—Habib Bank has raised its prime rate by ½ per cent to 8½ per cent.

GOLD

# Slight rise

Gold showed a slight improvement in the London bullion market yesterday, and closed at $251-251½, a rise of $1½ an ounce. The metal opened at $249½-250½ and traded within a fairly narrow range for most of the day. The Krugerrand's premium over its gold content widened slightly to 4.43 per cent from 4.33 per cent for domestic delivery, but remained at 3.33 per cent in international dealings.

In Paris the 12½ kilo bar was fixed at FFr 36,900 per kilo ($261.48 per ounce) compared with FFr 36,750 ($260.47) in the morning and FFr 37,100 ($262.88) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 15,300 per kilo ($250.70 per ounce) against DM 15,360 ($252.65) previously.

| | May 14 | May 11 |
|---|---|---|
| **Gold Bullion (fine ounce)** | | |
| Close | $251-251½ (£122.9-123.2) | $250¾-251½ (£122.6-123) |
| Opening | $249½-250¼ (£122.0-122.4) | $251-251¾ (£122.7-123) |
| Morning fixing | $250.65 (£122.537) | $251.10 (£122.577) |
| Afternoon fixing | $251.00 (£122.636) | $251.50 (£122.493) |
| **Gold Coins, domestically** | | |
| Krugerrand | $260½-264½ (£127½-129½) | $260-264 (£127-129) |
| New Sovereigns | $69½-71½ (£34-35) | $68½-70½ (£33½-34½) |
| Old Sovereigns | $79½-81½ (£39-40) | $78½-80½ (£38½-39½) |
| **Gold Coins, internationally** | | |
| Krugerrand | $258½-260½ (£126½-127½) | $258½-260½ (£126½-127½) |
| New Sovereigns | $65-67 (£31½-32½) | $65-67 (£31½-32½) |
| Old Sovereigns | $84½-86½ (£41¼-42¼) | $84-86 (£41-42) |
| $20 Eagles | $402-407 | $390-395 |
| $10 Eagles | $212-217 | $207-212 |
| $5 Eagles | $152-157 | $145-150 |

UK MONEY MARKET

# Extremely large help

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave an extremely large amount of assistance by buying a moderate quantity of Treasury bills from the discount houses and banks, a small number of local authority bills from the houses, and a small amount of eligible bank bills from the houses for resale at fixed future dates. The help was completed by lending a large amount to five or six houses, overnight at Minimum Lending Rate of 12 per cent.

There was a small decrease in the note circulation, but this was outweighed by moderate run-down balances carried over from Friday, the large call on 11 per cent Exchequer 1991, the repayment of the small amount lent to the houses on Friday, and a small excess of revenue payments to the Exchequer over Government disbursements.

Discount houses paid 12 per cent for secured call loans in the early part, with closing balances taken at 11¾-12 per cent.

In the interbank market overnight loans opened at 12¼-12½ per cent, and were steady at 12¼-12⅜ per cent for most of the day, before easing to 12-12½ per cent in the afternoon, rising again to 12¼-12½ per cent, and closing at 11¾-12 per cent.

Rates in the table below are nominal in some cases.

## LONDON MONEY RATES

| May 14 1979 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ⊕ | Eligible Bank Bills ⊕ | Fine Trade Bills ⊕ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 11¾-12½ | — | — | — | 12½ | 11¾-12 | — | — | — |
| 2 days notice | — | — | 12¼-12⅜ | — | — | — | — | — | — | — |
| 7 days or... | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 12⅛-12⅜ | 12⅛-12¼ | — | — | 12½ | 12 | — | — | — |
| One month | 12⅛-12 | 12⅛-12⅜ | 12¼-12⅛ | 12⅜-12⅛ | 12½ | 12⅝ | 12 | 11⅞-12 | 11⅞-11⅞ | 12⅛ |
| Two months | 12⅛-12⅛ | 11⅞-12⅛ | — | 12⅛-12 | 12⅜ | — | — | 11⅞ | 11⅞ | 12⅛ |
| Three months | 11⅞-11⅞ | 11⅞-12⅛ | 12⅛-12 | 12⅛-11⅞ | 12⅛ | — | 11⅞-11⅞ | 11⅞-11½ | 11⅞-11⅞ | 12 |
| Six months | 11⅝-11⅝ | 11⅝-11⅞ | — | 11⅞-11⅝ | 12 | — | — | — | — | 11⅞ |
| Nine months | 11⅝-11⅝ | 11⅝-11⅞ | — | 11⅝-11⅝ | — | — | — | — | — | — |
| One year | 11⅝-11⅝ | 11⅝-11⅝ | — | 11⅝-11⅝ | 11⅝ | — | — | — | — | — |
| Two years | — | — | — | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 11⅞-11⅞ per cent; four years 11⅞-12 per cent; five years 11⅞-12⅛ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅞-11⅞ per cent; four-month trade bills 12¼ per cent. Approximate selling rate for one-month Treasury Bills 11⅞-11⅞ per cent; two-month 11⅞-11⅞ per cent; three-month 11⅞-11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞-11⅞ per cent; two-month 11⅞-11⅞ per cent; and three-month 11⅞-11⅞ per cent; one-month trade bills 12⅜ per cent; two-month 12⅛ per cent; and also three-month 12⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4305 per cent.

## MONEY RATES

| | |
|---|---|
| **NEW YORK** | |
| Prime Rate | 11.75 |
| Fed Funds | 10.25 |
| Treasury Bills (13-week) | 9.54 |
| Treasury Bills (26-week) | 9.46 |
| **GERMANY** | |
| Discount Rate | 4 |
| Overnight Rate | 5.125 |
| One month | 5.55 |
| Three months | 5.90 |
| Six months | 6.30 |
| **FRANCE** | |
| Discount Rate | 9.5 |
| Overnight Rate | 7.25 |
| One month | 7.1875 |
| Three months | 7.625 |
| Six months | 7.8125 |
| **JAPAN** | |
| Discount Rate | 4.25 |
| Call (Unconditional) | 5.125 |
| Bills Discount (three-month) | 5.625 |

# THE JOBS COLUMN

# Risk-taker for spare capacity exchange

BY MICHAEL DIXON

"SO YOU form links with a lot of different kinds of business which have spare capacity but not much surplus money?" I asked. "Right," said Edwin Thirlwell.

"Then you circulate a directory of the goods and services which the various associates are prepared to barter?" He nodded.

"And one of them is a furniture-supplier who wants his offices rewired. He gets in touch with another associate who's an electrician, and he does the rewiring to the tune of £1,000."

Mr. Thirlwell nodded again, and added: "The transaction is recorded by the computer in our central office which sends the electrician a cheque for £1,000 worth of barter."

"Then," I said, "a hotel group which is also an associate wants £1,000 worth of furniture, which it gets from the bloke with the rewired office. . . ."

"And as the purchaser," Edwin Thirlwell went on, "the hotel group pays our centre's servicing charge which varies from 3 to 7½ per cent depending on whether the value of the transaction is big or small."

He nodded a third time as I continued: "A service charge is also paid by the furniture-supplier on the value of the electrical work, and he then quits. Next, the electrician who's in credit gets a big job to do a long way from home, so he spends his credit—less the service charge—on bed and board with the hotel group, so cancelling out its debt."

Mr. Thirlwell agreed that this was a simplified description of how the scheme worked. "And we've got the company already registered under the name of Business Barter, and the computer program tried and tested and ready to go," he said. "It's not altogether new, because there's a group called WIR already doing it in a big way in Switzerland."

He has already tried the scheme in a localised way around his home town of Darlington. But it did not go well there.

The reason, he thinks, is that successful running of what might be called "the spare capacity exchange" depends on the associates' being able to obtain from it the full range of goods and services they need for the operation of their own business. And nowhere near a sufficient range was obtainable from a group of associates based in the relatively small north-east region of the country.

"It's a thing that's just got to be done on at least a national scale," he explained.

The trouble is that Mr. Thirlwell is up to the neck in running his Prontaprint company which now has more than 70 franchised high-speed print and copy shops in various parts of Britain. Which brings us to why he has come to the Jobs Column.

He is looking for an entrepreneurial man or woman who would take the Business Barter company and its computer program and develop it nationally from a base in London. Somebody capable of developing it internationally would be even more welcome.

## Find own pay

The risk is that whoever came in would have to finance the launching, including their own pay, until the scheme became profitable. So the recruit would need either personal money, or the ability to lay hands on some. (While I cannot say for sure, I feel that one possible source might be the fledgling Resource Exchange which this column last discussed on May 1.)

In return, Edwin Thirlwell would be prepared to part with up to half of the capital of Business Barter. I suspect, however, that he might go beyond that if he were to hear from his ideal candidate, whom he described as follows:

"The person we seek needs to have a natural flair for business and trading and should enjoy acting as a catalyst between like-minded and active business — and professional people. An ability to meet and negotiate with people at all levels is important as most reciprocal trade transactions are arranged between senior executives or the chief-cum-owner in the case of small to medium sized businesses.

"Impeccable references and track record are a basic requirement. Marketing and advertising expertise would be an asset since the company's aim is to act as a clearing house for almost every kind of spare capacity available. A sense of humour is essential."

One thing that Mr. Thirlwell wanted to be made absolutely clear is that his scheme is not intended to deprive the Inland Revenue of anything which is justly theirs. A money value is set on all the transactions which are recorded in the capacity exchange's central "bank."

"What I see as the really important thing," he added, "is that here we have a machine for increasing trade. In fact, there is no point in having in the scheme any associate who doesn't do a lot of trading through it.

"And if we can find someone capable of making it into a reputable going-concern, productive use of otherwise spare capacity is not the only benefit that it would offer. This kind of bartering could cut overheads, conserve capital, improve liquidity, and avoid the borrowing of cash at high interest rates. I'm enthusiastic about the possibilities," he added, needlessly.

Readers wishing to inquire further should write to Edwin Thirlwell at Prontaprint, Coniscliffe House, Coniscliffe Road, Darlington DL3 7EX; or telephone 0325 55391.

## Tax law

ROGER PARKES, of the Oyez Recruitment consultancy, is seeking a senior solicitor or barrister on behalf of an unnamed company of tax consultants. He will therefore honour any applicant's request not to be identified to the employer until permission is given.

Candidates must have demonstrable ability in three main areas. The first is drafting legal documents for acquisition or disposal of companies. Next is expertness in tax as it relates to pension funds and investments. The third is the planning of executives' remuneration and suchlike.

A bent for lecturing at seminars on matters of taxation would also be useful.

The age indicator is 25-plus. The salary is around £25,000. The other benefits are evidently negotiable.

Inquiries should be addressed to Mr. Parkes at Oyez Recruitment Norwich House, 11-13, Norwich Street, London EC4A 1AB. He may be telephoned at 01-404 5721, extension 22.

## Beware

FINALLY, a reader wishes me to pass on this warning to personnel managers at large. He says:

"Not long ago I had a telephone call from a charming chap who said he was in charge of recruitment for a company in our locality, which is in the double-glazing business. He said that one of our staff was after a job there, and could I just give him an informal check on one point in the job application. It was that we were paying the person £5,500 a year.

"I explained we were a biggish company, and that I certainly couldn't disclose anything from the person's confidential file. But I knew the work he was doing, and said I thought £5,500 was about right.

"Some weeks later I bumped into the person concerned in our works, and said to him: "So you decided to stay here, then."

"He looked puzzled, and I explained that I'd heard he'd been after a job with the other firm, which I named.

"He looked even more puzzled. "No I wasn't, he said. "But I've bought some double glazing under their credit scheme.'"

---

# Financial Controller

**Hampshire c. £10,000+car**

Rapidly expanding and highly profitable group manufacturing and distributing construction equipment on a national scale and overseas seeks a Financial Controller to take charge of finance and accountancy in its major profit centre. Starting salary negotiable around £10,000 plus bonus and company car.

Candidates, probably aged 27-32, will be ACAs in industry or in large professional firms or ACCAs, with particular expertise in financial accounting including complex consolidations. High technical competence, creative ability and ambition are essential qualities. Prospects include a board appointment.

For a fuller job description candidates should write to W. T. Agar, John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating their relevance briefly but explicitly and quoting 2072/FT. Replies will be treated in strict confidence. This is an equal opportunity appointment.

**JC&P**

---

**IMMEDIATE VACANCY**

| | |
|---|---|
| POSITION OFFERED: | Top Management position |
| BUSINESS: | Financial services marketed from own retail outlets |
| COMPANY: | Substantial private company managed by small flexible team reporting direct to board |
| LOCATION: | London |
| ABILITIES REQUIRED: | Sound financial background—commercial acumen + flexibility |
| SALARY + TERMS: | By arrangement |
| CONTACT: | Box A6769, Financial Times, 10 Cannon Street, EC4P 4BY, with full particulars. |

---

**CJA RECRUITMENT CONSULTANTS**
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

An interesting appointment — scope to grow in terms of responsibility and earnings in one of the UK's largest companies

**CJA**

## ASSISTANT TREASURER

**LONDON** **£11,000-£12,500+CAR**

MULTI-NATIONAL MANUFACTURING AND MARKETING ORGANISATION WITH WORLDWIDE SALES IN EXCESS OF £700 MILLION

We invite applications from candidates, aged 28-35, who have acquired at least 3 years' practical experience in the Treasury function in a marketing orientated company and who are fully conversant with exchange control regulations and who are well known to the major international banks. The successful candidate will be responsible for administering the company's sterling funds and advise the organisation's overseas companies on treasury matters (up to 15% away travel will be necessary) and will maintain close liaison with the financial executives in each operating division. The major part of the brief will cover day-to-day control of international money management and the further development of associated control systems. An interest in economic and commercial matters is essential. Initial salary negotiable, £11,000-£12,500 + car, non-contributory pension, free life assurance, free B.U.P.A., assistance with removal expenses if necessary. Applications in strict confidence under reference AT3920/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35, NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE 01-588 3588 or 01-588 3576. TELEX 887374.

Opportunity for promotion into a more senior position with increased earnings in the short term

**ACP**

## PENSIONS ADMINISTRATOR

**LONDON** **£5,500-£6,500**

MAJOR MULTI-NATIONAL ENGINEERING COMPANY

Due to relocation, our client is seeking a Pensions Administrator, aged 22-35, with a minimum of two years' pensions administration experience. The successful candidate, who will be based at the London Head Office, will report to the Pensions Manager and will be responsible for assisting in the day-to-day administration of the Group Schemes covering 20,000 UK employees and 3,600 pensioners, utilising a sophisticated computerised system. A thorough knowledge of current pensions administration practice and O.P.B. and S.F.O. procedure is required. Essential qualities include an organised and tidy mind and the ability to use initiative and liaise effectively at all levels. Initial salary negotiable £5,500-£6,500 + contributory pension, free life assurance, 22 days holiday, 60p L.V.s, half-day study release, assistance with tuition fees and assistance with removal expenses if necessary. Applications in strict confidence under reference PA217/FT to the Managing Director:

ADMINISTRATIVE AND CLERICAL PERSONNEL LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.
Telephone: 01-588 3588 or 01-588 3576. Telex: 887374. Recruitment Consultants.

---

# SENIOR EXECUTIVES

If you are in the job market now—we are here to help. Coutts Careers provide:—
* Excellent job search assistance.
* A thorough knowledge of the job market.
* Contact with top recruitment.
* Confidential and expert counselling.
* Superb Secretarial back up.

Telephone now for a cost free assessment meeting.

**Percy COUTTS & Co.**
**01-839 2271**
140 Grand Buildings
Trafalgar Square,
London WC2.

---

# *Financial Director for International Division (London Based)*

*Five Figure Salary*

An international company in the medical diagnostic field with worldwide sales through seven fully owned subsidiaries in the United States, South America and the Continent, and representatives elsewhere, is looking for a Financial Director having at least a formal education in Accounting (CPA) for our international marketing and service division headquarters in London. The Financial Director should take complete responsibility for all financial matters of the division and the subsidiaries, including financial reporting, budget control, cash flow and auditing of the subsidiaries.

The successful candidate, having a proven record of achievement, will be part of the management team of the division. The salary will be of interest to those earning £13,000 or more.

Applications, which will be treated in strictest confidence, should be sent, together with detailed curriculum vitae, to Box A6770, Financial Times, 10 Cannon Street, EC4P 4BY.

---

# Financial Analyst Middle East

We are an international firm of executive search consultants and have been retained by an important Middle Eastern financial institution to identify a financial or credit analyst. The successful candidate will periodically review and analyse an assigned number of commercial borrowing relationships.

He will work closely with the team of account officers to which he is assigned and will report directly to the Senior Staff Credit Officer of the institution.

The candidate should have a good educational background, training in financial analysis, and several years practical experience with a major financial institution or accountancy practice. A basic understanding of corporate and project finance would be an advantage. Familiarity with the Middle East would be desirable and the candidate should be able to work easily with a wide range of nationals and adapt to living and working in the Middle East. Candidates must be fluent in English and a knowledge of Arabic would be an asset.

As our client is anxious to attract an individual of outstanding character and competence the salary will be commensurate with his experience and the required skills. In addition, there will be a generous range of fringe benefits.

Please reply in strict confidence to Box 2411
Gould & Portmans Limited, 55-57 High Holborn,
London WC1, England.

---

# Business Consultant

International firm has opening for an executive level Consultant. Starting salary will range from £10,000 to £15,000 depending upon qualifications. Extensive European travel is required with all expenses paid. The candidate must be able to demonstrate theoretical and practical knowledge of all business and commercial disciplines.

Minimum requirements include an appropriate university degree, fluency in English and at least one major European language, the ability to write clearly, concisely and cogently, and some experience in a consulting environment. Interviews can be arranged in any major European city. Compensation can be arranged in any currency or at any single location.

Responses will receive consideration only if a specific letter reply, a detailed resume and complete salary history is enclosed. References will not be contacted without candidate's approval.

*Write Box A6767, Financial Times*
*10 Cannon Street, EC4P 4BY*

---

# CHAIRMAN'S SALARY

We have a challenging opportunity for a dynamic personality, about 45, who has a successful background in senior management and who can deal with and negotiate at the very highest levels of business and industry.

We are a successful, performance-oriented consulting company and leaders in our business. What we have to offer, however, is not for social climbers or title-worshippers. If interested, please write to us, enclosing a curriculum vitae, salary requirements, photo, together with a letter about how your personal qualifications might be of value to us in dealing with large firms.

Write under Ref. FT 79 155 to Insight Publications s.a.
Bd de la Cambre 42-Bte-13-B-1050-Brussels-Belgium

---

**Registration Clerk**
c. £5,000

Duties: preparing information for meetings, debenture/loan stock redemption, arrangements on dividend and interest payments, maintenance of statutory and company records.

Based Piccadilly. Mature, stable candidates (40-55), preferably with experience of share registration or younger applicants with relevant experience. Large company benefits.

*Full details to Box A.6766, Financial Times, 10, Cannon Street, EC4P 4BY.*

---

# GENEVA

INTERNATIONAL FAST-GROWING OIL COMPANY
*is urgently looking for a*
**TOP EXECUTIVE SECRETARY**

7-10 years' experience
Knowledge of international business
Willing to travel
Fluent English a must, plus one additional language
Good presentation and
Excellent office skills

Swiss nationality or a valid work permit.
Salary according to qualifications, plus bonus end year.
*Please reply to:*
P.O. BOX 71—CH 1211 GENEVA 1

---

# LEGAL APPOINTMENTS

**Hawker Siddeley Power Engineering Ltd**

## LAWYER AS COMPANY SECRETARY

Hawker Siddeley Power Engineering are a U.K.-based company with around £100m p.a. of major 'turnkey' engineering business, much of it overseas. Complex overseas contracts are involved, and the person who obtains this post will be both Company Secretary and legal advisor, reporting direct to the Financial Director, and can expect some overseas travel and a full involvement in the management of the Company, and its overseas subsidiaries and branches.

Based in an historic country house near Loughborough this position could be very attractive for a commercially oriented solicitor with 3 to 4 years' post-qualification experience of international commercial and company law. Salary and prospects will be very good. The wide range of benefits include a car appropriate to the importance of the position.

Please write giving full details to Mrs. M. Dawe,
Resources Manager,
Hawker Siddeley Power Engineering Limited,
Head Office, Wymeswold Hall, Wymeswold,
Leicestershire LE12 6ST.

---

# Major N. Y. Stock Exchange Member Firm

is creating a new International Commodity Dept.,
*Applicants with expertise in trading the following:—*

Commodities
Sr. & Jr. (a) Precious Metals
Sr. & Jr. (b) Softs

Foreign Exchange
Sr. & Jr.

Money Market Futures
Sr. & Jr.

Salaries commensurate with experience.

*Please reply to Box F.1107, Financial Times, 10 Cannon Street, EC4P 4BY.*

---

**WANTED**
**AN ENTERPRISING, HARDWORKING GENTLEMAN**

for a Liquid Bulking Installation in Asia, handling Edible Oils, Chemicals and other Non-Petroleum products. Excellent opportunity for right person. All correspondence treated in strictest confidence. Reply:

*Box A.6762, Financial Times, 10, Cannon Street, EC4P 4BY.*

---

**ARE YOU LOOKING FOR**
A new position in London or Southern England?

**BEE PROFESSIONAL STAFF**
who have many openings in commerce, industry and the professions for qualified, part-qualified and experienced accountants.

**Telephone NOW 0273 202377**
24-hour answering service.

---

# OVERSEAS SETTLEMENT CLERK

required by London Stockbrokers for busy department handling North American, European, Australian and other overseas deliveries, including Eurobonds. Applicants should be experienced in one or more of the above areas. Good career development opportunity for person aged 20-30 with some relevant experience. Salary negotiable to £4,500 + bonus, according to age and experience. Send brief career details to Box A.6768, Financial Times, 10, Cannon Street, EC4P 4BY.

We are a German subsidiary for a major American multinational company in the electrical and electronic products field. We are one of the world's leading manufacturers of high quality products for the fast growing electronics industry. Our modern plant is located in an extremely attractive area in south-western Germany with high recreational value.

We have an immediate opening for a

## CONTROLLER

who will be responsible for:

- Accounting and Control
- Reporting
- Financial Analysis
- Cash Management and Finance
- Taxation
- Insurance
- Purchasing
- Personnel

The successful candidate for this key position will be a qualified accountant, at least 35 years old, fluent in both English and German with a minimum of five years of industrial and/or public accounting experience. Preference will be given to candidates who are familiar with American and German accounting and reporting practices. Applications from qualified candidates should be forwarded to our agent:

Mr. H. Geisselhardt, Postfach 20
7831 Eichstetten, West Germany

# Secretarial Assistant

**£5,893–£6,801 (under review), inclusive of London Allowance**

The British Transport Docks Board, Britain's leading port authority, seek to appoint a Secretarial Assistant in the Secretary's Department at their London Headquarters. He/she will be responsible to the Secretary for the provision of secretarial service to certain local advisory boards and committees; for the provision of briefing material to top management for meetings, formal visits etc.; for statutory and certain other secretarial functions in respect of the Board's subsidiary companies, and for a number of other aspects of the department's work. Ability to meet deadlines is essential, as is a high degree of organising ability.

Some travel within the UK will be involved.

The post calls for experience in secretarial practice and knowledge of procedure in respect of meetings. The successful candidate is likely either to be a graduate or to have shown aptitude in this field by membership or advanced studentship of the Institute of Chartered Secretaries and Administrators.

Conditions of service include 32 days' holiday per year *(including Bank and Public Holidays)*, interest free season ticket loan, 30p luncheon vouchers per day, sick pay scheme and contracted-out pension scheme.

For an application form write to the Personnel Department, British Transport Docks Board, Melbury House, Melbury Terrace, London NW1 6JY or telephone Mr Harraway on 01-486 6621, extension 6441, quoting reference number 1291.

Applications to be received by 18th June 1979.

British Transport Docks Board

*A Nationwide Ports Service*

## SECRETARIAL APPOINTMENTS

### Secretary PA

**£4,800 + Bonus + 4 weeks' Hols & also Season Ticket Loan**

Personal Secretary to Legal Director of a major Oil Company. Controlling office in Bosses absence. Very much a PA position. No legal experience necessary. Excellent promotion prospects. Phone Adrianne Mackintosh 629-0111.

### Secretary PA

**£5,000 + LV's**

International well established company need a Sec./PA for their Managing Director. Very interesting and responsible position dealing with customers and suppliers. Should have a lively personality and a methodical approach. Phone Adrianne Mackintosh 629-0111.

### Secretary

**£4,500 + LV's**

**Exhibition Company**

To work for a new Director who has recently joined this large organisation. He needs an efficient Secretary to help him start up his office. Arranging *meetings, dealing with VIPs*, both by phone and face to face. Very hectic but also very rewarding. Phone Adrianne Mackintosh 629-0111.

### Secretary PA

**£4,700 + Restaurant and Season Ticket Loan**

To work for Company Lawyer of a large Oil Company. Very *interesting and varied position.* Sports and Social facilities. Adrianne Mackintosh 629-0111.

**ALFRED MARKS STAFF BUREAU**

**487 OXFORD STREET, W1**

# £6,000 accountancy appointments £9,000

**Hudson Shribman** *International Recruitment Consultants*

## FINANCIAL MANAGER

**Middlesex** **£9,000 + Benefits**

Our client is a market leader operating internationally in the rapidly developing computer field. They have expanded substantially in recent years by the successful combination of market penetration and the development of revolutionary products. Current business plans indicate considerable growth.

The position of Financial Manager has been created to *place emphasis on timely monthly and statutory report*ing, effective asset utilisation, constructive systems development and strict financial control. These areas are all important to the future growth of the company.

To match the responsibilities of this demanding function applicants will need to be Chartered Accountants in the age group 25-32, having qualified with a major professional firm, possessing the qualities to supervise a large accounting and administration team and have the ambition to progress to a general management level.

In addition to an attractive salary the company's other benefits include a substantial car allowance, a generous relocation package, plus B.U.P.A. and pension scheme.

*Please reply in the first instance to: Anthony Payne*

**Hudson Shribman International Ltd**
**29-31 Mitre Street, London EC3**
**Tel. 01-283 1954**

## SENIOR ASSISTANT

**General Finance Section**

**£6012-£6345**

*Applications are invited for the above post which is* concerned primarily with the day-to-day management of the Council's Consolidated Loans Fund, which at 31st March 1979 totalled approximately £180 million. The duties of the past include forecasting of cash requirements, management of cash flow, arranging short-term loans through liaison with the money market, *assisting with the implementation of borrowing* policies and maintenance of appropriate records. The postholder is also responsible for supervising the processing of applications for loans in respect of the Assisted Car Purchase Scheme, car park, railway and other season tickets.

The position requires a qualified accountant with *three years' subsequent experience, and preference* will b given to such candidates, but experince of management of a loans fund is essential.

Further details may be obtained by telephoning Mr. D. Reeve (01-854 8888, Extension 1403).

Application forms should be obtained from the Borough Treasurer, 45/53, Wellington Street, *Woolwich, SE18 6RA (01-854 8888, Extension 2411).*

*Closing Date:* 31st May, 1979.

The Council is an equal opportunities employer. All applicants will be considered, irrespective of sex or country of origin.

**GREENWICH**

## Financial Analyst

**c. £5,500**

Linguaphone, the world's largest publishers of home study language courses, are looking for a Financial Analyst to prepare key data for both local management and parent company.

Responsibilities will include analysis work on new projects, preparing budget expense accounts, and corporate profit and strategic plan data for forward planning.

The successful applicant will possess sound experience of *analysis forecasting and the ability to communicate with* management at all levels. This vacancy would be ideal for a young graduate near qualifying or studying for final examinations.

Salary will be in the range of £5,500 *negotiable.* Other benefits of working in our superb new Headquarters in Hammersmith include 4 weeks' holiday, BUPA membership, *LV's, and season ticket loan.*

**Linguaphone**

Written applications enclosing s.c. to Mrs R. E. Ellis, Personnel Manager, Linguaphone Institute Limited, Linguaphone House, Beaver Lane, Hammersmith, London, W6. 01-741 1655.

## Management Accountant

c £7,000 Surrey

Britain's newest airline, established by one of the U.K.'s leading holiday tour operators, offers you a challenging opportunity.

Reporting to the Finance Manager, you will provide a financial reporting service to management, prepare budgets and forecasts and have responsibility for the continuous review of standard operating costs.

You are probably aged 23 to 30, and a newly qualified or finalist accountant with the ability to respond positively in a dynamic environment.

There is a first class benefits package and excellent career prospects.

Telephone Phil Churchill on (01) 235 7030 or write to him at PER, 4/5 Grosvenor Place, London SW1X 7SB. (Answering service out of hours: (01) 235 6938.)

PER Professional & Executive Recruitment

Applications are welcome from both men and women.

## Company Accountant

**Camberley c. £ 6,750**

Our clients, a substantial Continental company, wish to recruit a capable Accountant for the subsidiary responsible for the distribution of their products in the United Kingdom.

The ideal candidate, who need not be formally qualified, will probably be aged mid-forties to early-fifties and will have already had considerable experience in controlling the accounting functions of a small company.

The essential requirements are a willingness to accept responsibility, proven competence and the ability to report at board level.

Please contact Chris Kuhn
3rd Floor, Wheatsheaf House, 4 Carmelite Street
London EC4Y 0BN
Telephones 01-353 1307/1308, 01-353 5831

**Dennis Chatfield & Associates**

## Senior Appointments

**MANAGEMENT ACCOUNTANTS**

**CENTRAL LONDON** **£7,500+Bonus**

Household name in the brewing industry seeks a qualified accountant who is experienced in staff control and used to management accounting liaison at Director level. Age 26+. Ref: Y.12.

**HOLBORN** **£8,000+**

Well known group requires a qualified accountant responsible to the Financial Director for the monitoring of budgets, performance ratios and ad hoc projects. Ref: 5485.

**READING** **to £8,000**

Computer manufacturers offer a challenging opportunity to develop and improve their systems and supervise several staff. The candidate must be qualified: age is flexible. Ref: 5437.

Contact Richard Mooney or Ian Crichton

**ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS**
**41 London Wall, London EC2M 5TB · 01-588 5105**

## YOUNG QUALIFIED C.A. A CAREER IN TAX?

**London WC1** **Emoluments to £9,000**

Our client is a major British Group with significant world-wide interests.

The Group's tax function has grown substantially over recent years and further recruitment is now planned to continue the development of in-house expertise. The successful candidate will report to a senior Taxation Adviser, and initial responsibilities will reflect the nature of his/her previous experience. However, it is planned that the role will be broad and encompass tax planning in conjuction with the development of group taxation policies.

Candidates will be qualified accountants, probably aged 25-28 who have a basic knowledge of corporate taxation. They should demonstrate the ability to work independently, have a committed attitude and the ambition to develop a tax career within a challenging environment.

**For further information and a personal history form please contact either Nigel V. Smith, A.C.A. or Peter Dawson quoting reference 2452.**

Commercial/Industrial Division
**Douglas Llambias Associates Ltd.**
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

## ASSISTANT TO GROUP FINANCE MANAGER

**London W.1. c. £8000 p.a.+benefits**

Our client is a well-known quoted manufacturing group with diverse subsidiaries throughout the U.K and substantial overseas interests. Based in the London Head Office the appointee will assist the Group Finance Manager in the optimum utilisation of the Group's cash resources. Duties will range from the raising of foreign currency loans for overseas invesment and short-term money market dealings to dividend remittances, export finance and the appraisal of proposed acquisitions and disposals. In addition there will be exposure to financial modelling with use of a computer link. Candidates, male or female, should be qualified accountants, ideally aged 25-30, with a good professional and/or commercial background and the desire to acquire experience in all aspects of cash management and exchange control procedures.

**Applications, under Ref. No. RC114, to: Miss Marion Williams, Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB. Tel.: 01-353 5272.**

**Extel Recruitment** Executive Selection Consultants

## £6,000 accountancy appointments £9,000

**These advertisements appeared in the Financial Times on Thursday, 10th May. For full details please see the FT of that date or telephone Julie Burgess on 01-248 8000, Ext. 526.**

| Job Title | Salary | Location | Advertiser |
|---|---|---|---|
| Group Financial Accountant | c.£8,000 | London | Charterhouse Group Ltd. |
| Management Accountant | up to £6,643 | S. London | Polytechnic of the S. Bank |
| Cash Management | £9,000 | Berks | Robert Half |
| Corporate Auditor | c.£7,000 + Car | C. London | Robert Half |
| Tax Accountant | £7,500 + Car | C. London | Robert Half |
| Investment Accountant | £7,000 | Potters Bar | Albany Life Ass. Co. Ltd. |
| Corporate Accountant | £7,000-£9,000 | W. London | Management Personnel |
| Financing Assistants | up to £6,214 | London | British Gas |
| Financing Manager | c.£8,000 | Isleworth | Hertz |
| Company Accountant | up to £7,000 + Car | Wimbledon | Roberts (Building) Ltd. |
| Young Chartered Accountant | c.£7,250 + Car | W. London | David Clark Assoc. |

MANAGEMENT Accountant, qualified, N. Kent, £7,500. Staffline (Agy.), Crayford 51921 (24-hour).

**£6,000—£9,000 accountancy appointments**

appear every TUESDAY

Cost £16 per single column centimetre

*For further details contact:*

Sally Stanley

01-248 8000 ext 7177

## Group Management Accountant

**c. £8,000—£10,000+Car**

The Beaverfoam Group comprises a number of expanding private companies, situated within the United Kingdom with a turnover of £5 million, trading primarily in the Polyether *foam industry.*

We require to appoint a qualified accountant, preferably in the age range 27-35 with previous commercial experience to take up the position of Group Management Accountant.

The successful applicant will head a small administration team and in addition to routine accounting work will be required to develop and maintain the financial controls, advise on investment and capital expenditure projects, and be expected to contribute and be involved with the total business activity of the group.

This is an excellent opportunity for an enthusiastic person to join a progressive organisation and to participate in its next stage of expansion.

*Applications in writing to:*

John P. Rowland — Financial Director
BEAVERFOAM GROUP OF COMPANIES
Stratford Road, Moreton-in-Marsh, Gloucestershire

## SENIOR ADVERTISEMENT SALES EXECUTIVES

**wanted for**

**FINANCIAL TIMES WORLD BUSINESS WEEKLY**

On the 30 October 1978 the Financial Times of London launched a new magazine aimed at the businessmen of the Americas. This magazine is a digest of the main international business news published daily in the Financial Times, together with special in-depth reports. Coverage is financial, business and industrial news. World Business Weekly provides an alternative source on international business affairs to United States publications, and is competing directly with them, as the magazine is only available in the Americas.

Due to the success of the publication, additional Junior and Senior Advertisement staff are now required to cover the UK and Europe, to enable World Business Weekly to continue its expansion.

Salary is negotiable to candidates who can offer relevant experience.

Please write with full details of age, experience and salary required to: The Personnel Officer, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

FINANCIAL TIMES **World Business Weekly**

## UNIVERSITY APPOINTMENTS

**NORTH WESTERN UNIVERSITIES**
**Director of O and M Unit**

Applications are invited for the post of Director of the North Western Universities' O and M Unit which serves the Universities of Liverpool, Manchester and Salford, the University College of North Wales (Bangor) and the University of Manchester Institute of Science and Technology. The Unit is primarily concerned to review methods of administration and other non-academic work carried out within the Universities in the Unit, and where appropriate, to implement accepted proposals. The vacancy arises upon the death of the former Director, Mr. G. T. E. Lewis. Candidates should be graduates or hold other suitable qualifications and should have had some formal training in O and M together with a broadly based experience in industry, commerce, or the public service.

The initial salary will be within Grade IV of the national salary agreement for University administrative staffs and will be determined according to qualifications and experience.

Applications (1 copy, suitable for reproduction), stating age, qualifications and experience, together with the names of three referees should be received not later than 25 May, 1979, by the undersigned, from whom further particulars may be obtained. Quote ref. SS3/F.

The Secretary,
N.W. Universities' O and M Unit,
Management Committee,
The University of Liverpool,
P.O. Box 147,
Liverpool L69 3BX.

**UNIVERSITY OF GLASGOW**
**LECTURESHIP OR SENIOR LECTURESHIP IN ACCOUNTANCY**

Applications are invited for appointment to a vacancy in the Department of Accountancy.

Courses are offered in all main subject areas of accounting theory, financial reporting, business finance, managerial accounting, financial management and audit theory and interesting developments in master's course-work, doctoral programme and research are taking place. Specialisation in any of the main areas may be arranged.

Appointment to a senior lectureship will be considered from persons with suitable qualifications and experience able to contribute to development of postgraduate teaching and research.

Applications at lecturer level will also be considered.

Salary will be within the Lecturers' scale £3,975-£8,250 (interim) or the Senior Lecturers' scale £7,980-£9,885 (interim) with placement according to qualifications and experience. Salary scales applicable from 1st October, 1979.

Further particulars may be obtained from the Secretary of the University Court (Room 18), University of Glasgow, Glasgow G12 8QQ, with whom applications (8 copies) giving the names and addresses of three referees, should be lodged not later than 31st May, 1979.

In reply please quote Ref. No. 4413FA.

**BANKING APPOINTMENTS**

Senior Credit Manager, c. £10/11,000 + excellent perks. Reqd. by leading International Bank. Age 30 + with in-depth experience in Marketing Credit facilities in UK and Europe. Also Syndicated Loans Officer c. £8,000 + excellent perks for highly reputable Merchant Bank. Must have in-depth exp. Age 25 +. Ring for appointment. 283-4022/3. VPN Employment.

European Industrial Market Research Company requires
**GERMAN SPEAKING PR EXECUTIVE**
Industrial experience advantageous. Write in with CV and Salary requirements to:
**Chloe Haslam**
**Frost & Sullivan Ltd.**
104/112, Marylebone Lane, London W1M 5FU.

# WORLD STOCK MARKETS

## Wall St. mixed at noon after moderate trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—53½% (56¼%)
Effective $2.0440 20½% (22¼%)

STOCKS ON Wall Street were mixed with a slightly easier bias yesterday morning in moderate trading as investors concentrated on developments in individual issues.

The Dow Jones Industrial Average was a marginal 0.26 easier at 830.30 at mid-day, while the NYSE All Common Index shed one cent to $55.47 and declines outscored gains by about 50 issues. Turnover came to 12.55m shares, compared with last Friday's noon total of 13.85m.

**Closing prices and market reports were not available for this edition.**

Analysts said with the outlook for the economy and interest rates unclear, there was little incentive to buy or sell.

Last week, a number of corporate and Government economists gave conflicting forecasts about the possibility of a recession and its severity if one occurs.

A fall in the money stock, reported last Thursday, eased fears of an immediate credit tightening move, but analysts still expect higher interest rates ahead.

Gaming shares continued to rebound from sharp setbacks early last week. Caesars World rose 4½ to $62, Bally Manufacturing 2¼ to $67 and Del E. Webb ½ to $16⅞. Ramada Inns put on ¼ to $10⅞ in active trading.

Greyhound Corporation topped the actives list and gained ⅞ to $14¼, while Auto-Train, on the American Stock Exchange, climbed 2½ to $7½. Both are benefiting from gasoline supply worries.

Publicker Industries, which distils alcohol for "gasohol," advanced 1⅞ to $10⅝.

Active Chrysler eased ⅛ to $8⅛. It is to sell a stake in its Australian subsidiary to Mitsubishi Corporation and Mitsubishi Motors for $30.2m. They are to jointly acquire a majority stake in about 15 months.

PRICE MOVEMENTS on the American SE were also irregular after light early trading. The Amex Market Value Index was 0.05 up at 177.96 at midday on volume of 1.69m shares (1.55m), but losses outnumbered rises by a small margin.

Volume leader California Computer Products jumped 4 to $12⅜. Sanders Associates are to acquire the company.

Resorts International "A" added 2 at $41 in active trading and Golden Nugget ⅞ at $18⅞.

Huffy, which rose sharply last week, eased ¼ to $17⅛.

### Canada

After relinquishing some ground, stocks recovered in places to show no clear trend at mid-session after fairly quiet dealings.

The Toronto Composite Index was 1.7 up at 1,460.1 at noon, while Golds gained 11.9 at 1,757.5, Oils and Gas 9.0 at 2,187.2 and Papers 1.36 at 160.80. In contrast, Metals and Minerals lost 5.7 at 1,233.5 and Banks 0.38 at 299.23.

Inco, active on 36,169 shares in Toronto, fell ⅛ to $23⅞. Union members at Sudbury, Ontario, have voted to reject a contract with the company. The Inco strike has lasted eight months.

Alberta Gas Trunk "A" rose ⅛ to C$20⅛. The company said that it will buy 20 per cent of Husky Oil shares from the Neilson family for 17,548 a share and will tender for the balance of the Husky shares at the same price. Husky, deyaled at the opening for the news, gained ⅞ to $54⅞.

George Weston slipped ⅛ to C$25⅜ despite reporting higher earnings and an increased dividend.

Newfoundland Light and Power "A" added ¼ at C$20 on higher earnings.

### Tokyo

The market scored a further advance in another heavy trade as active selective buying in Blue Chips and Populars more than offset increased profit-taking.

The Nikkei-Dow Jones Average gained 20.16 more to a new record peak of 6,296.92, while the Tokyo SE index climbed 1.87 to 458.00. Trading volume amounted to about 720m shares, compared with 650m on Saturday's half-day session and about 550m last Friday.

Shares with good earnings prospects led the market, with Toray rising Y7 to Y177, Toho Rayon Y25 to Y399 and Canon Y15 to Y555.

Despite the yen's rise against the dollar on the Tokyo foreign exchange market, a good number of export-related issues were higher. Sony moved ahead Y90 to Y2,090 and Pioneer Electronic Y50 to Y2,240 among Light Electricals. Honda Motors put on Y5 to Y560, but Toyota Motor receded Y11 to Y914.

"There were no special market-affecting factors, but such speculative stocks as Shippings and Trading Houses were also attractive for investors," one broker said.

Trading Houses, which were reported to be purchasing large amounts of crude oil in anticipation of a future shortage of oil supply from overseas, were actively bought on speculation, another broker commented.

Some energy industry-related issues moved higher in early trading, but eased towards the end of trading as investors feared possible tightened controls on margin trading. Nippon Oil lost Y10 to Y1,400, Arabian Oil Y100 to Y3,270 and Toa Nenryo Y30 to Y1,080.

Steels, Shipbuildings and Heavy Electricals also rose initially, but closed mixed on late profit-taking.

### Paris

Stock prices were marked lower for the third consecutive session in fairly light trading in the absence of any market-affecting news.

Brokers said the market was awaiting a speech to be made today by French President Valery Giscard D'Estaing, while there was also hesitation over the oil situation.

Movements were on the whole marginal, although some substantial losses were observed among Oils. Foods and Metals were mainly firmer against the trend.

Thomson-CSF retreated FFr 9.5 to FFr 375 despite higher first-quarter 1979 net turnover, while Bouygues receded FFr 12 to FFr 871 after news of reduced net parent company turnover.

Also significantly lower at the close were Locindus, Cetelem, Sagem, BHV, Paris-France, CEM, Esso, BP, Roussel-Uclaf, Generale des Eaux, Sommer-Allibert and UTA.

Among gaining issues were Saupiquet, Denain, Sacilor and L'Oreal.

### Germany

After losing further ground at the outset, shares were inclined to pick up to finish on a mixed note in what dealers described as subdued trading typical of the past few sessions. The Commerzbank index, however, was still 1.4 down on the day at a new 1979 low of 756.7.

Among Motors, Daimler regained DM 2.00, while Volkswagen added DM 1.00, but BMW shed 50 pfennigs more.

In Stores, which sustained some sharp falls last week, Horten hardened 50 and Karstadt 70 pfennigs.

Dresdner Bank declined DM 2.00 and Commerzbank 70 pfennigs, but Deutsche Bank put on 30 pfennigs.

Elsewhere, Lufthansa improved DM 2.00, but Metallgesellschaft receded DM 4.00.

In the Domestic Bond market, Public Authority issues further weakened, but Mark Foreign Loans were steady to firmer.

### Australia

Minings displayed an easier tendency, adversely affected by lower London metal prices, but Industrials were firmer for choice.

In the Minings sector, MIM receded 10 cents to A$3.20, while Bougainville Copper, A$2.00, CRA, A$3.65, and Consolidated Goldfields, A$3.50, shed 5 cents apiece.

Among Uraniums, EZ Industries declined 4 cents to A$3.16 but Pancontinental gained 30 cents to A$10.10.

On the Industrials boards, BHP moved ahead 6 cents to A$9.60 and ICI Australia 5 cents to A$2.25.

CSR rose 6 cents to A$3.98 on strong support ahead of the annual results, expected later this month, while Bundaberg Sugar advanced 10 cents to A$4.00, equalling the previously attained high for the year.

CBA put on 5 cents to A$2.65 in mixed Banks, where BNS Wales contrasted with a loss of 7 cents at A$3.63.

### Hong Kong

Following the recent setback, the market finished a shade lower yesterday after very thin trading, the Hang Seng index shedding 0.65 more to 543.72.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
Φ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

## Indices

### NEW YORK — DOW JONES

### STANDARD AND POORS

### N.Y.S.E. ALL COMMON

### MONTREAL

### TORONTO Composite

### JOHANNESBURG

| | May 14 | Pre-vious | 1979 High | 1979 Low |
|---|---|---|---|---|
| Australia (¶) | 592.15 | 593.74 | 597.68 (19/3) | 545.72 (2/1) |
| Belgium (‖) | 106.48 | 106.45 | 108.09 (3/5) | 98.80 (3/1) |
| Denmark (**) | 96.81 | (c) | 97.23 (10/5) | 88.32 (8/1) |
| France (††) | 79.7 | 80.8 | 81.5 (2/5) | 71.5 (16/2) |
| Germany (‡‡) | 756.7 | 758.10 | 839.6 (16/1) | 756.7 (14/5) |
| Holland (§§) | 75.0 | 75.6 | 85.9 (24/1) | 75.0 (14/5) |
| Hong Kong (¶¶) | 543.72 | 544.37 | 568.90 (6/2) | 493.23 (2/1) |
| Italy (‖‖) | 75.02 | 75.29 | 78.48 (28/3) | 68.38 (2/1) |
| Japan (a) | 458.00 | 456.13 | 462.97 (31/1) | 436.22 (10/4) |
| Singapore (b) | 395.32 | 392.51 | 398.09 (8/5) | 346.34 (23/2) |
| Sweden (e) | 367.54 | 365.31 | 401.34 (6/2) | 353.48 (27/4) |
| Switzerld (f) | 324.8 | 324.7 | 329.1 (2/5) | 294.0 (5/1) |

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

### FRIDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Crown-Zellerbach | 416,600 | 39⅞ | −1¾ |
| Bally Mfg. | 413,500 | 64⅝ | +2 |
| Sears Roebuck | 402,000 | 19 | −⅛ |
| Caesar's World | 382,500 | 57½ | +2⅝ |
| McDonnell Doug. | 349,700 | 28½ | −⅜ |
| United Tec. | 312,600 | 37⅞ | +⅛ |
| General Motors | 296,900 | 57¾ | −1⅝ |
| Ramada Inns | 282,300 | 10⅝ | +⅝ |
| Gen. Pub. Ut. | 279,700 | 9 | −⅛ |
| Gulf & Western | 238,800 | 14½ | +⅛ |

## NEW YORK

## CANADA

## GERMANY ◆

## TOKYO ¶

## AUSTRALIA

## STOCKHOLM

## OSLO

## JOHANNESBURG

## AMSTERDAM

## BRUSSELS/LUXEMBOURG

## PARIS

## SWITZERLAND Φ

## COPENHAGEN ♣

## MILAN

## VIENNA

## BRAZIL

## SPAIN ♥

Financial Rand US$0.79¾ (Discount of 33%)

## EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1257
C=Call P=Put

## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 12 % |
| Allied Irish Banks Ltd. | 12 % |
| Amro Bank | 12 % |
| American Express Bk. | 12 % |
| A P Bank Ltd. | 12 % |
| Henry Ansbacher | 12 % |
| Associates Cap. Corp. | 13 % |
| Banco de Bilbao | 12 % |
| Bank of Credit & Cmce. | 12 % |
| Bank of Cyprus | 12 % |
| Bank of N.S.W. | 12 % |
| Banque Belge Ltd. | 12 % |
| Banque du Rhone et de la Tamise S.A. | 12½ % |
| Barclays Bank | 12 % |
| Bremar Holdings Ltd. | 13 % |
| Brit. Bank of Mid. East | 12 % |
| ■ Brown Shipley | 12 % |
| Canada Perm't Trust | 12 % |
| Cayzer Ltd. | 12 % |
| Cedar Holdings | 12 % |
| ■ Charterhouse Japhet | 12 % |
| Choulartons | 12 % |
| C. E. Coates | 12 % |
| Consolidated Credits | 12 % |
| Co-operative Bank | *12 % |
| Corinthian Secs. | 12 % |
| Credit Lyonnais | 12 % |
| The Cyprus Popular Bk. | 12 % |
| Duncan Lawrie | 12 % |
| Eagil Trust | 12 % |
| English Transcont. | 13 % |
| First Nat. Fin. Corp. | 14 % |
| First Nat. Secs. Ltd. | 14 % |
| ■ Antony Gibbs | 12 % |
| Greyhound Guaranty | 12 % |
| Grindlays Bank | ‡12 % |
| ■ Guinness Mahon | 12 % |
| ■ Hambros Bank | 12 % |
| ■ Hill Samuel | §12 % |
| C. Hoare & Co. | †12 % |
| Julian S. Hodge | 13 % |
| Hongkong & Shanghai | 12 % |
| Industrial Bk. of Scot. | 12 % |
| Keyser Ullmann | 12 % |
| Knowsley & Co. Ltd. | 13½ % |
| Lloyds Bank | 12 % |
| London Mercantile | 12 % |
| Edward Manson & Co. | 13 % |
| Midland Bank | 12 % |
| ■ Samuel Montagu | 12 % |
| ■ Morgan Grenfell | 12 % |
| Norwich General Trust | 12 % |
| National Westminster | 12 % |
| P. S. Refson & Co. | 12 % |
| Rossminster | 12 % |
| Royal Bk. Canada Tst. | 12 % |
| Schlesinger Limited | 12 % |
| E. S. Schwab | 13 % |
| Security Trust Co. Ltd. | 13 % |
| Shenley Trust | 14 % |
| Standard Chartered | 12 % |
| Trade Dev. Bank | 12 % |
| Trustee Savings Bank | 12 % |
| Twentieth Century Bk. | 13 % |
| United Bank of Kuwait | 12 % |
| Whiteaway Laidlaw | 12½ % |
| Williams & Glyn's | 12 % |
| Yorkshire Bank | 12 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%. 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10% and over £25,000 10¼%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

# COMMODITIES AND AGRICULTURE

## India plans to import jute bags

By P. C. Mahanti

CALCUTTA — Despite protests by the Indian Jute Mills Association the Indian Government is sticking to its plan of importing a sizeable quantity of sacking bags from Bangladesh. This is to meet the urgent demand for food and fertiliser bags.

An Indian delegation consisting of representatives of the State Trading Corporation and the Food Trading Corporation is now in Dacca to negotiate the purchase. At least 60,000 bales of sacking bags are likely to be imported. This is said to be linked to India's export of 300,000 tonnes of rice to Bangladesh where a food shortage is reportedly becoming acute.

Indian mill production of jute sacking was hit by the 48-day strike early this year and more recently by heavy power cuts. Demand has risen sharply due to a steady flow of export orders and an increase in domestic use because of another bumper harvest, and heavy fertiliser and sugar output.

Sacking prices in India recently soared over the all-time record of Rs 525 per 100 bags. This provoked the Government to fix a "ceiling" of Rs 500 for May delivery. However after news of purchases from Bangladesh prices fell sharply.

## Market uncertainty keeps copper under pressure

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES remained under pressure yesterday on the London Metal Exchange despite the week-end vote by the International Nickel workers rejecting the settlement of the eight-month-old Sudbury mines strike.

Cash wirebars closed £2 up at £914 a tonne, but the three months quotation, after fluctuating between a low of £907 and a high of £931, closed £0.25 down at £924.5. Cathodes were also lower.

The market opened higher on the Inco strike news, but again met heavy selling, despite another fall in warehouse stocks, down by 3,300 to 228,125 tonnes — the 20th successive weekly decline.

Dealers are at a loss to explain the recent sudden change in sentiment, which started in the U.S. and has resulted in substantial producer price reductions there. The most popular explanation is that the market *became overbought and that speculators* have been tempted to sell because of gloomy prospects about the U.S. economy later this year, especially as the impact of the oil shortage really begins to be felt. An increased inflow of scrap supplies is also mentioned, although warehouse stocks have continued to fall.

There has been no change in the fundamental supply-demand situation, except that it is believed many consumers have covered against shortfalls in *deliveries from the African* copperbelt and are no longer such eager buyers. Some traders, however, believe that major speculators have made massive sales to force prices *lower but will eventually have* to make matching purchases.

It is felt that having come fairly close to a settlement, there will soon be fresh moves to end the strike. A union spokesman said yesterday in Toronto they were willing to resume talks but added he did not expect them to resume soon. Meanwhile free-market nickel prices jumped on the Metal Exchange with the three months quotation gaining £190 to £3,292.5 a tonne.

There was little market reaction, however, to news that a *tentative settlement had been* reached over terms of a new labour contract for workers at Cominco's Trail lead-zinc smelter in British Columbia.

A ratification vote is to be held later this week, but the way towards a settlement appears to have been cleared by Cominco agreeing to a two, instead of three, year contract already negotiated at other plants.

London lead traders had already discounted the Trail settlement and were more concerned yesterday with reports of renewed Communist bloc buying. Some confusion was created in early dealings by a report that LME lead stocks rose last week, *when in fact, it was* finally confirmed they had fallen by 1,850 to 15,200 tonnes. Cash lead eventually closed £13 up at £577.5 a tonne.

Zinc values also closed higher. As expected warehouse stocks rose by 1,375 to 72,400 tonnes, after early reports of a fall, but the firm undertone was encouraged by news that two more European producers had raised *their official prices from $800* to $845 a tonne.

Trade buying interest brought an increase in aluminium prices, despite a hefty rise of 1,900 tonnes in stocks raising total *holdings to 19,000 tonnes.* Tin was boosted by a smaller than expected rise in stocks, up by 45 to 1,175 tonnes.

LME silver holdings rose by 10,000 to 20,400,000 ounces. Silver prices *opened lower,* reflecting a decline in the U.S., but rallied in later trading in line with gold.

## Welsh farm unions fail to agree

By Robin Reeves, Welsh Correspondent

SIX MONTHS of talks aimed at uniting the two farmers' unions operating in Wales have ended in failure, it was announced yesterday.

The negotiations between the National Farmers Union of England and Wales and the breakaway Farmers' Union of Wales, foundered on the basic *principle of independence* versus representation through the London-based union.

However, the two sides took the unusual step of holding a joint press conference in *Cardiff to explain why they* had been unable to bury their differences.

It represented a marked improvement in relations which had been very frosty or *non-existent, ever since a* group of Welsh farmers broke away from the NFU to establish the FUW, an independent union for Wales in 1955.

The merger talks were *triggered by the Government's* decision last year to extend formal recognition to the *FUW. However, it has proved* an insufficient incentive to promote a merger.

*Mr. Tom Rosser, chairman of the NFU's* Council for Wales explained that his members felt they had too much to lose by breaking away to establish an autonomous organisation. "We cannot afford to weaken ourselves in any way," he said. Mr. T. Myrddin Evans, the FUW president, said that accepting the NFU's merger terms "would have meant going back 24 years."

UNCTAD CONFERENCE

## EEC failure to join sugar pact attacked

CUBA ACCUSED the European Economic Community of indulging in unfair competition at the expense of developing countries by refusing to join the International Sugar Agreement and by subsidising EEC sugar exports reports Reuter. Marcelo Fernandez Font, Cuban Foreign Trade Minister, also strongly attacked the U.S. for not ratifying the Agreement more than 18 months after it came into force.

He said sugar symbolised the way the developed world proclaimed one policy and pursued another.

The minister told the UNCTAD conference in Manila that sugar exports from the EEC had risen from an annual average of 295,000 tons in 1970-75 to more than 3m tonnes last year. The EEC had spent *$600m in 1978 on subsidising* sugar exports, disrupting the world market and depressing the price, he said.

He said a price drop of 1 cent a pound represented an annual loss to Cuba alone of $44m.

The EEC and the U.S. also came under strong criticism in a paper circulated by the International Sugar Organisation to the conference.

The paper said the International Sugar Agreement reached 18 months ago had met serious difficulties.

These difficulties stemmed basically from the excess of supply of sugar, both in stocks and production. But beyond this was the problem caused by the non-participation of the largest importing member, the U.S., and more important the non-participation of the largest exporter to the free market, the EEC, it said.

"The inability of the U.S. to move from provisional to definitive acceptance of the Agreement is important both for its direct effects and for broad psychological reasons," the paper said.

The paper praised the U.S. for enforcing a limitation on its sugar imports as a sign of good faith, but said: "The community has exhibited no equivalent restraint and increased a high level of exports based on heavy subsidisation.

"We hope that talks will bring about a change in this situation, preferably through early community accession to the agreement on mutual acceptance terms," the ISO said.

Circulation of the paper followed a rejection last week by EEC commissioner, Mr. Claude Cheysson, of early Community participation.

Meanwhile, the Food and Agriculture Organisation said in Manila that unless a new international grains agreement was reached soon the world could find itself as unprepared to meet global shortages as it was five years ago, when millions starved to death. Eduard Saouma, FAO director general, called for support of a five-point action programme to reopen and settle grain agreement negotiations which broke down earlier this year.

## Malaysian palm oil output rises

KUALA LUMPUR — West Malaysian crude palm oil production rose to 142,046 tonnes in February from 140,167 tonnes in January and 78,018 tonnes in February 1978, preliminary Statistics Department figures showed.

Output for the first two months of 1979 totalled 282,213 tonnes against 159,387 in the same period last year.

Crude palm oil export fell to 22,522 tonnes in February from 34,657 tonnes in January and 29,311 tonnes a year earlier, bringing the two months' total to 57,179 tonnes (96,549).

West Malaysian crude palm oil stocks fell to 168,697 tonnes in February from 169,383 tonnes in January but were above the 51,976 tonnes held in February 1978.

Reuter

## Milk industry run-down warning

BY CHRISTOPHER PARKES

THE BRITISH milk industry may face rundown, closures, and redundancies if it fails to regain its balance, Mr. Terry Organ, UK managing director of Cadbury-Schweppes, warned dairymen in Birmingham, yesterday.

"You have a classic problem of industrial over-capacity staring you in the face," he told the *Dairy Trade Federation's* annual conference.

"Nobody can go on overproducing and expect to survive for very long," he said.

New types of milk and dairy products have to be developed to soak up the surplus milk. The industry's current strategy of trying to boost sales of liquid milk and other traditional dairy products "looks a bit thin," Mr. Organ warned.

Mr. James Scott-Hopkins, up for election as leader of the Conservative group in the new European Parliament, called for radical changes in the Common Market's dairy products policy.

He demanded "severe cuts" in support buying price levels for butter and milk powder, and argued that national governments should foot the bill for the surpluses their farmers created.

To help producers worse hit by these policies, he suggested setting up a Community rural fund which would act as a safety net. And to hit the dairy surpluses at their source he proposed the elimination of 4m cows, possibly during the next four years.

Farms giving up their dairy herds could be helped to switch into beef by a new rural fund.

EEC Parliament research had shown that a producer with ten cows could make as much profit from beef as from milk. But the switch was often impractical because these low-income farmers needed regular cheques, unobtainable from the beef market. This was where income supplements and aid from the suggested new fund could help.

Mr. Scott-Hopkins also followed up the UK election campaign attacks on the weighty West German influence on farm policy.

It was always the German minister, he said, who sought to raise dairy prices to keep small-scale producers in business.

Mr. Rinse Zijlstra, a Dutch expert, claimed that the picture painted of the Community dairy industry was wrong, unjust and frustrating for farmers.

The problem was "under-consumption" not over-production, he said.

World demand for dairy products in 10 years' time would be double that of the past decade, Mr. Zijlstra predicted, and production would be too low to meet it.

## Cyprus plans avocado exports

THE CYPRUS Agricultural Department has carried out successful experiments for the growing of avocado in the west of the island, Mr. George Tombazos, the Minister of Agriculture, said yesterday.

Mr. Tombazos said the most promising varieties would be developed for export purposes.

He described prospects for avocado cultivation in the island *as encouraging. The minister* said other tropical and subtropical crops such as papaya, mango, cherimoya and passion fruit are also being tried.

## Big Philippines rice surplus

THE PHILIPPINES will have an exportable surplus of 500,000 tons of rice this year, according to official sources here. This surplus is likely to have a further depressant effect on world rice prices which have been weak due to abundance of production in most growing countries and following an earlier increase in stocks.

Traditionally the Philippines has been a substantial net importer of rice.

The export availability follows a 6 per cent rise in the crop for the 1978-79 season, which ends next month, to 4.45m tonnes of milled rice.

Although the main season crop, harvested at the end of 1978, rose only 1 per cent due to the effects of typhoons, the dry season crop which accounts for about one third of the total, is estimated to have jumped 17 per cent.

The Philippines so far has sales commitments for 106,000 tons to Malaysia, Vietnam and Indonesia. Due to low prices it may want to hold off some of its surplus from world markets. It has available storage capacity even though it has already more than met its conservative stockpile level—90 days of consumption.

At present world and domestic procurement prices the Government's National Grain Authority (NGA) can expect to make a loss of $20 to $30 a tonne on exports. Due to poor drying and milling Philippines rice normally falls into the low grade 30 per cent brokens category.

However, carrying costs of stockpiles are also high—about $70 per tonne per year. So the Philippines can be expected to want to move a substantial part of its exportable surpluses rather than gamble on a sharp price recovery taking place next year.

*From Bangkok, Reuter reports* that Thailand's main rice crop this year is expected to increase to 16.9m tonnes from 15.8m tonnes last year.

An Agricultural Promotion Department spokesman said the rise is expected despite a decrease in the planted area to 22m acres from 23.2m acres. The higher yield of the main crop this year was due to more use of fertilisers, he said.

In Kuala Lumpur, Mr. Manan Othman, Malaysian Minister of Public Enterprises, said yesterday that Malaysia would buy 5,000 tons of best quality rice from Burma.

After meeting the visiting Burmese Minister of Trade, Khin Maung Gyee, he told reporters a formal agreement will be signed between officials of the National Padi and Rice Board and the Burmese authorities for the purchase in two shipments in August and September.

Mr. Manan said Malaysia had adequate stocks of rice for local consumption.

*About 100,000 tonnes of rice* from China, 90,000 tonnes from Thailand, and 18,000 tonnes from the Philippines are due to arrive this year, he said.

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Barely changed on balance after a day of erratic movements on the London Metal Exchange. Speculative buying prompted by the continuation of the strike at Inco's Sudbury mines saw forward metal rise from £919 to £931 on the pre-market. At this level, however, the market met heavy profit-taking which triggered stop-loss selling and the price fell sharply to £907. Trade buying and physical enquiry then pushed the price back up to £930 before a late reversal saw forward metal back to £915 prior to a close on the late kerb of £921. Turnover 21,150 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Wirebars | £ | £ | £ | £ |
| Cash | 918-9 | | 913-5 | |
| 3 months | 926-.5 | | 924-5 | |
| Settlem't | 919 | | — | |
| Cathodes | | | | |
| Cash | 905-6 | -1.5 | 900-2 | |
| 3 months | 917.5-8 | | 913-5 | |
| Settlem't | 906 | -3 | — | |
| U.S. Prod. | — | | *88-95.25 | |

Amalgamated Metal Trading reported that in the morning cash traded at £916, 16.5, 17, 19, three months £915, 16, 17, 18, 17, 18, 19, 20, 21, 22, 25, 27, 25, 24, 22, 23, 24, 25, 26, 27, 28.5. Cathodes cash £905, 5.5. Kerb: Wirebars three months £926, 28, 24, 23, 24. Afternoon: Wirebars three months £925, 24, 25, 24, 28, 30, 29, 28, 28.5, 27.5, 27, 26, 25. Cathodes three months £916, 15, 14, 15. Kerb: Wirebars three months £922, 3, 22, 23.5, 19, 18, 18, 19, 20, 19, 17, 19, 17, 19, 20, 21.

TIN—Steady with a smaller than forecast increase in stocks causing the backwardation to widen. Forward metal opened at £7,220 reflecting the rise at Penang, but thereafter eased to close the late kerb at £7,190 owing to profit taking and hedge selling. Turnover 960 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7430-5 | +47.5 | 7440-50 | +35 |
| 3 months | 7200-30 | | 7190-230 | -12.5 |
| Settlem't | 7435 | +45 | — | |
| Standard | | | | |
| Cash | 7430-5 | +47.5 | 7440-50 | +35 |
| 3 months | 7190-200 | | 7175-85 | -12.5 |
| Settlem't | 7435 | +45 | — | |
| Straits E. | $1975 | +10 | — | |
| New York | — | | — | |

Morning: Standard cash £7,415, 40, 35, three months £7,210, 20, 7,190, 7,200, 7,190. Kerb: Standard three months £7,170. Afternoon: Standard cash £7,450, three months £7,190, 80. Kerb: Standard three months £7,185, 90, 80.

LEAD—Moved ahead on reported East European enquiry, a fall in warehouse stocks and following trade buying interest which lifted forward metal to £546 prior to a close on the late kerb of £542.5. News of a tentative agreement at the Cominco lead/zinc complex at Trail had little effect on the market. Turnover: 5,850 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 578-9 | +13.7 | 577-8 | +15 |
| 3 months | 544.5-5 | +9 | 543-5 | +10.5 |
| Settlem't | 579 | +14 | — | |
| U.S. Spot | — | | *48 | |

Morning: cash £576, 77, 78, three months £538, 39.5, 39, 40, 41, 43, 44, 45, 45, 44, 44.5. Kerb: three months £544. Afternoon: cash £579, three months £546, 47, 44. Kerb: three months £546, 45, 46.

ZINC—Marginally firmer aided by the strength of lead. Forward metal traded in the £393 to £396 range prior to closing the late kerb at £394. Turnover: 2,975 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 383.5-3 | +1.5 | 381-.5 | +.25 |
| 3 months | 394.5-5 | +1.5 | 394-5 | +.75 |
| S'ment | 383 | +1.5 | — | |
| Prim. west | — | | *37.5-8.5 | |

Morning: three months £393, 94, 94.5, 95. Afternoon: three months £395. Kerb: three months £395, 94.5, 94.

ALUMINIUM—Easier following renewed trade interest and covering against physical business. Forward metal opened lower at £755 owing to the fall in copper but subsequently recovered to close the late kerb at £765. Influential borrowing of cash metal saw the contango narrow to £5 at one point. Turnover: 2,750 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 750-2 | +7 | 761-4 | +18.5 |
| 3 months | 762.5-3.5 | +8.75 | 767-9 | +3.5 |

Morning: three months £765, 56, 57, 58, 60, 58, 56. Kerb: three months £763. Afternoon: three months £765, 66, 67, 68. Kerb: three months £767, 66, 65.

NICKEL—Higher following the continuation of the strike at Inco's Sudbury mines. Forward metal rose to the day's high of £3,330 before easing to close the late kerb at £3,270. Turnover: 486 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | — | ...... | — | ...... |
| 3 months | 3240-50 | +150 | 3290-5 | +190 |

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: three months £3,230, 40, 30, 40, 45, 50, 45. Kerb: three months £3,240. Afternoon: three months £3,250, 3,300, 10, 20, 3,300, 3,295. Kerb: three months £3,300, 3,270.

## SILVER

Silver was fixed at 3.2p an ounce lower for spot delivery in the London bullion market yesterday at 404.8p. U.S. cent equivalents of the fixing *levels were: Spot 826.8c, down 8.4c;* three-month 846.6c, down 7.8c; six-month 861.4c, down 7.7c; and 12-month 893.0c, down 7.6c. The metal opened at 402½-403½p (823-825c) and closed at 406-407p (830-832c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. close | + or — |
|---|---|---|---|---|
| Spot | 404.80p | -3.00 | 406.35p | -8.05 |
| 3 months | 416.10p | -2.58 | 417.85p | -0.65 |
| 6 months | 424.60p | -2.70 | — | ...... |
| 12 months | 442.1p | -2.70 | — | ...... |

LME—Turnover 191 (235) lots of 10,000 ozs. Morning: Three months 415.9, 16.3, 6.4, 17.5, 7.8, 7.6, 7.7. Kerb: Three months 418.5, 8.8, 19, 9.2, 19, 8.8. Afternoon: Three months 416.5, 6.6, 6.5, 18.5, 8.2, 18, 17.9. Kerb: Three months 417.5, 17, 7.2, 7.5.

## COCOA

Cocoa futures remained steady throughout the day in dull and featureless conditions to close at the day's highs, reported Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| May | 1640.0-1645 | +12.5 | 1647.0-1638 |
| July | 1605.0-1606 | +15.5 | 1609.0-1587 |
| Sept | 1633.0-1634 | +15.0 | 1634.0-1615 |
| Dec | 1683.0-1695 | +12.5 | 1696.0-1692 |
| March | 1716.0-1714 | +8.5 | 1715.0-1705 |
| May | 1730.0-1740 | +12.5 | 1733 |
| July | 1744.0-1770 | +18.0 | — |

Sales: 694 (2,090) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price May 11: 147.87 (149.00). Indicator prices for May 14: 15-day average 143.32 (149.49); 22-day average 148.40 (148.22).

## COFFEE

The market opened around unchanged and traded in a narrow range for most of the morning. Towards the end of the session, however, good buying from one quarter on the spot position pushed prices ahead with the spot gaining £28 from previous close, reported Drexel Burnham Lambert. Prices tended to ease in the early afternoon before fresh buying towards the close steadied the market to finish with gains of £14-31 on the day.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 1628-1630 | +31.5 | 1665-1598 |
| July | 1577-1578 | +29.0 | 1580-46 |
| September | 1567-1568 | +18.0 | 1573-44 |
| November | 1555-1565 | +18.0 | 1570-44 |
| January | 1559-1561 | +19.0 | 1560-40 |
| March | 1548-1544 | +21.0 | 1550 |

Sales: 3,394 (1,943) lots of 5 tonnes.

ICO indicator prices for May 11 (U.S. cents per pound): Colombian Mild Arabicas 155.00 (155.50); unwashed Arabicas 182.00 (same); Robustas ICA 1968 145.50 (same); other Mild Arabicas 151.17 (same); Composite daily average 145.68 (145.22).

## GRAINS

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent May 92.50, June 91.75, July 91.75, transhipment East coast. U.S. Hard Winter 13½ per cent unquoted. EEC unquoted. Maize: U.S./French May 111.50, June 112.25, transhipment East coast. South Africa White unquoted. South Africa Yellow May 78.00, nominal. Barley: English feed fob May 104, June 102, Oct.-Dec. 99.50, Jan.-March 99.50, April-June 103, transhipment East coast.

| WHEAT | | | BARLEY | |
|---|---|---|---|---|
| M'nth | Yesterday's close | + or — | Yesterday's close | + or — |
| May | 101.60 | -0.40 | 98.10 | -0.40 |
| Sept. | 92.70 | -0.65 | 87.65 | -0.55 |
| Nov. | 95.50 | -0.75 | 91.10 | -0.65 |
| Jan. | 99.15 | -0.50 | 94.55 | -0.55 |
| Mar. | 102.15 | -0.80 | 97.75 | -0.50 |

Business done—Wheat: May nil, Sept. 93.05-92.70, Nov. 95.90-95.50, Jan. 99.35-99.10, March 102.40-102.15. Sales: 73. Barley: May 98.30-98.10, Sept. 88.00-87.65, Nov. 91.50-91.30, Jan. 94.80-94.60, March 97.95-97.75. Sales: 109.

HGCA—Average UK spot prices for week-ending May 10: Other milling wheat £104.50 (+£1.90), feed wheat £102.40 (+0.70), feed barley £98.60 (+0.60), malting barley £101 (+0.60).

HGCA—Location ex-farm spot prices. Feed barley: Cambridge 97.80.

The UK monetary coefficient for the week beginning May 21 is expected to remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for May 15 (in order: current levy plus June, July and Aug. premiums, with previous in brackets). All in Units of Account per tonne. Common wheat—98.15, rest nil (98.15, rest nil); Durum wheat—153.06, rest nil (158.35, rest nil); Rye—101.51, rest nil (103.02, rest nil); Barley—100.28, rest nil (102.02, rest nil); Oats—100.81, rest nil (100.81, rest nil); Maize (other than hybrid for seeding)—87.96, rest nil (87.96, rest nil); Buckwheat—0.76, rest nil (0.76, rest nil); Millet—95.67, 0.38, 0.38, nil (95.67, 0.76, 0.76, nil); Grain sorghum—99.83, rest nil (99.83, rest nil); Flour levies: Wheat or mixed wheat and rye flour—152.01 (152.01); Rye flour—156.70 (158.82).

## WOOL FUTURES

LONDON FUTURES (GAFTA)—Old crops opened unchanged. May wheat did not trade and values eased to close *40p lower on lack of buying interest.* May barley saw some trade but values eased on selling pressure to close 40p lower on the day. New crops opened 35p lower and values eased throughout the session to close 050-75 down on wheat and 50-65p down on barley, Acli reported.

LONDON GREASY — (No business done.) May 220.0, 230.0; July 220.0, 230.0; Oct. 220.0, 240.0; Dec. 220.0, 240.0; March 220.0, 240.0; May 220.0, 240.0; July 220.0, 240.0; Oct. 220.0, 240.0.

NEW ZEALAND CROSSBREDS—(No business done.) May 190.0, 197.0; July 198.0, 202.0; Oct. 200.0, 203.0; Dec. 205.0, 209.0; March 205.0, 209.0; May 205.0, 209.0; July 205.0, 209.0; Oct. 205.0, 209.0.

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron Contract: May 394.0, 395.0, 394.0-394.2, 12; July 405.5, 406.0, nil, nil; Oct. 405.5, 407.0, 409.5-407.0, 10; Dec. 407.0, 409.0, 409.5-408.5, 12; March 410.0-408.5, 11; May 412.0, 413.0, 412.0-412.5, 2; July 412.0, 415.5, nil, nil; Oct. 415.0, 419.0, nil, nil. Sales: 46.

## RUBBER

SLIGHTLY STEADIER opening on the London physical market. Good interest shown, closing on a firm note. Lewis and Peat reported the Malaysian godown price was 278 (275) cents a kilo (buyer, June).

| No. 1 R.S.S. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| June | 61.25-61.40 | 60.60-60.85 | 61.20-60.50 |
| July | 62.70-61.90 | 61.80-62.00 | — |
| Jly-Sept | 62.65-62.80 | 61.80-62.00 | 62.60-61.80 |
| Oct-Dec | 65.15-65.25 | 64.65-64.75 | 65.50-64.75 |
| Jan-Mar | 66.95-66.15 | 65.60-65.70 | 66.40-65.85 |
| Apr-Jne | 68.00-68.05 | 67.60-67.65 | 68.30-67.75 |
| Jly-Sept | [illegible] | [illegible] | [illegible] |
| Oct-Dec | [illegible] | [illegible] | [illegible] |
| Jan-Mar | [illegible] | [illegible] | [illegible] |

Sales: 4 (97) lots of 5 tonnes; 489 (275) at 15 tonnes.

Physical closing prices (buyer) were: Spot 60.5p (59.25); June 65.75p (62); July 65.75p (62).

## SOYABEAN MEAL

The London market opened with losses of £1 and steadied in early trading on short-covering, reported T. G. Roddick. The market drifted during the afternoon but ran into trade support and closed fairly steady.

| | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| June | [illegible] | [illegible] | [illegible] |
| August | 123.80-24.0 | -0.75 | 124.20-23.50 |
| October | 123.80-24.8 | -0.85 | 124.30-23.50 |
| December | 124.50-24.8 | -0.80 | — |
| February | 125.80-26.0 | -0.45 | — |
| April | 125.50-27.5 | -0.50 | — |
| June | 126.50-28.5 | 0.9 | — |

## SUGAR

LONDON DAILY PRICE (raw sugar): £98.00 (£99.00) a tonne cif for May-June shipment. White sugar daily price was £106.00 (same):

*The market opened around* pre-weekend levels but prices eased later following reports of selling interest from Peru and India, reported C. Czarnikow.

| Sugar Pref. Comm. Con. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Aug. | 104.50-04.55 | 105.10-05.20 | 105.50-04.25 |
| Oct. | 108.65-08.70 | 108.95-09.00 | 109.50-08.40 |
| Dec. | 112.50-12.55 | 112.90-13.00 | 113.25-12.40 |
| March | 117.25-17.30 | 117.65-17.70 | 117.50-17.25 |
| May | 120.10-20.15 | 120.40-20.50 | 120.25 |
| Aug. | 123.75-23.90 | 124.00-24.40 | — |
| Oct. | 127.25-27.75 | 127.50-28.25 | — |

Sales: 1,073 (1,680) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £168.00 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for May 11: 7.92 (8.04): 15-day average 7.81 (7.79).

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 104.50, 104.85 105.00-104.75, 25; Sept. 109.55, 109.65, 110.00-109.55, 111; Nov. 112.30, 112.35, 112.40, 4; Feb. 118.90, 119.00, 119.40, 4; April 122.30, 122.40, 122.50, 7; July 125.80, 126.40, 126.50, 1; Sept. 128.75, 130.25, nil, nil. Sales: 152.

## TEA AUCTION

52,022 packages were offered at yesterday's London sales. Brighter Assams were dearer, mediums steady with plain 2p to 4p lower. Selected bright Africans substantially dearer. Mediums advanced several pence. Plain sorts met limited support. Plain *and brighter Ceylons fully firm.* Average price indications: Quality 132p (130) per kilo, medium 109p (106), plain 74p (76).

## JUTE

JUTE—Steady. June c. and f. Dundee, BWC £252, BWD £231, BTC £254, BTD £235. C. and f. Antwerp. June, BWB $556, BWC $514, BWD $479, BTB $561, BTC $522, BTD $488. Jute goods quiet. C. and f. Dundee 40-in 10-oz £11.97; 40-in 7.5-oz £9.51. "B" twills £34.30.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | May 14 1979 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £710 | ...... | £710 |
| Free Mkt (cs) | $1580-1600 | ...... | $1,580/80 |
| Copper | | | |
| Cash w'bar | £914 | +2.0 | £1,049.25 |
| 3 mth | £924.5 | -0.25 | £1,049.25 |
| Cash Cathode | £901 | -2.5 | £1,046.5 |
| 3 mth | £944 | -3.0 | £1,046.5 |
| Gold troy oz. | $251.875 | +1.25 | $240.625 |
| Lead cash | £577.5 | +13.0 | £576 |
| 3 mth | £554 | +10.5 | £545.75 |
| Nickel | £2728.75 | ...... | £2,480.56 |
| Freemkt(cif)(lb) | 290/315c | +12.5 | 255/65c |
| Platin'm tr'y oz | £171 | ...... | £159 |
| Free mkt | £208.3 | +1.55 | £188.8 |
| Quicksilver | $295/305 | ...... | $255/65 |
| Silver troy oz | 404.8p | -3.0 | 358.15p |
| 3 months | 416.10p | -2.5 | 367.1p |
| Tin cash | £7,450 | +35.0 | £7,152 |
| 3 mths | £7,180 | -12.5 | £7,400.5 |
| Tungsten | $135 | ...... | $1373.2 |
| Wolfrm 22.04 cif | $138/42 | ...... | $131/35 |
| Zinc cash | £382 | +0.25 | £384.5 |
| 3 months | £394.5 | +0.75 | £395.5 |
| Producers | $800 | ...... | $800 |
| **Oils** | | | |
| Coconut (Phil) | $1,100q | -10.0 | $1,060 |
| Groundnut | ‡ | | ‡ |
| Linseed Crude | £404 | ...... | £410 |
| Palm Malayan | $660r | ...... | $674 |
| **Seeds** | | | |
| Copra Philip | $730s | -5.0 | $700 |
| Soyabean (U.S.) | $306.75u | ...... | $314.86 |
| **Grains** | | | |
| Barley Futures | £87.65 | -0.55 | £87.95 |
| Maize | | | |
| French No 3 Am | £111.50 | ...... | £112 |
| Wheat | | | |
| No. 1 Red Spg. | ‡ | | ‡ |
| No2 Hard Wint. | ‡ | | ‡ |
| Eng. Milling† | £107.5z | +3.0 | £101.5* |
| **Other commodities** | | | |
| Cocoa ship't | £1,681 | +14.0 | £1,617 |
| Future July | £1,605.5 | +15.5 | £1,565.5 |
| Coffee F't'r July | £1,577.5 | -7.0 | £1,478.5 |
| Cotton A' index | *75.95c | +0.40 | 73.3c |
| Rubber kilo | 60.5p | +1.25 | 59.5p |
| Sugar (Raw) | £98 | -1.0 | £97 |
| Wooltp's 64s kl | 281p | -2.0 | 286p |

* Nominal. † New crop. ‡ Unquoted. q May-June. r July. s July-Aug. u June. w Sept. x Per ton. z Indicator. § Buyer.

## MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on May 12. GB—Cattle 77.14p per kg liveweight (+0.92). UK—Sheep 196.4p per kg. est.d.c.w. (+4.2). GB—Pigs 60.4p per kg liveweight (+1.2). England and Wales—Cattle numbers *down 9.8 per cent, average price 77.61p* (+1.37); Sheep numbers up 2.8 per cent, average price 96.7p (+4.4); Pig numbers down 10.2 per cent, average price 60.4p (+1.2). Scotland—Cattle numbers down 10.8 per cent, average price 75.90p (−0.22); Sheep numbers down 62.8 per cent, average price 190.6p (+0.1); Pig numbers, down 12.6 per cent, average price 62.3p (+1.6).

COVENT GARDEN—Prices in sterling per package, except where otherwise stated: Imported produce: Oranges—Israeli: Valencia Lates 5.20-5.80; South African: Navels 56/150 4.20-4.50; Cypriot: 4.40-5.00; Moroccan: Valencia Lates 56/113 4.80-5.60; Spania: 5.00-5.50. Lemons—Italian: 100/120s 5.40-5.50; Spania: trays 30/40/45 1.80-2.30; S. African 5.00-5.50. Grapefruit—Cypriot: 3.00-5.00; Israeli: Jaffa 27/88 3.45-4.25; S. African: 30/64 3.20-3.60. Apples—S. African: Granny Smith 6.50-6.80, White Winter Pearmain 6.30-6.60, Dunn's 5.30-5.60, Golden Delicious 7.00-7.50; New Zealand: Cox's Orange Pippins 8.20-8.80, Golden Delicious 7.40, Red Delicious 7.30-7.50; Tasmanian: Jonathans 7.0-7.50, Spartans 7.30-7.50 *Cox's Orange Pippins* 8.20-8.80, Golden Delicious 6.50-7.00; French: Golden Delicious 2.30-2.50, 72/84s jumble pack per pound 0.07-0.10; Italian: Rome Beauty per pound 0.13; Washington: Red Delicious per box 8.00-10.00; Canadian: Red Delicious 8.00-8.50. Pears—S. African: cartons Beurre Bosc 6.30-6.50, Packham's 7.80-8.00; Italian: Passacrassane trays 14 lb 2.00-2.20; Dutch: Conference 0.16-0.17; Belgian: 0.14-0.15. Bananas—Jamaican: per 28 lb 4.20. Grapes—S. African: cartons, Barlinka 4.50. Strawberries—Italian: approx. ½-lb punnets 0.35-0.37½; Spania: 0.35. Cherries—Lebanese: per *pound 0.70; Cypriot: 0.70.* Avocados—Israeli: 2.20-3.00; S. African: 2.40-3.60. Onions—Dutch: 3.20-3.50; Chilean: 5.00-5.60; Canary: 5.20-5.40; Israeli: 5.30-5.60. Tomatoes—Canary: 2.60-3.20; Jersey: tray 3.80-4.00; Dutch: 3.90-4.00; Guernsey: 4.60-5.20. Cauliflowers—French: 24s 6.00-6.30. Cabbages—Dutch: White, net 6.30-7.00.

*English produce:* Potatoes—per 25 kg 2.20-2.50. Lettuces—per 12, round, 1.80-2.00. Mushrooms—per pound 0.40-0.50. Apples—per pound Bramleys 0.50-0.05-0.10; Cox's Orange Pippin 0.09-0.18. Pears—per pound Conference 0.15-0.16. Beetroots—*per 28 lb* 1.10; long 2.00. Carrots—per 28 lb 1.60-2.00. Onions—per 28 lb 1.80-3.00. Rhubarb—per pound outdoor 0.03-0.05. Tomatoes—per 12 lb 3.50-4.00. Swedes—per 28 lb 1.30-1.40. Cucumbers—tray 8/18s 2.20, prepack 2.40-3.00. Cauliflowers—12s 3.00-4.20. Spring greens—per crate, Kent, 2.40-2.50.

# AMERICAN MARKETS

NEW YORK, May 14.

PRECIOUS METALS closed sharply higher on Commission House and Chartist buying. Copper rallied on the *closed on speculative and local short-*covering. Cocoa finished firm on Commission House buying, while sugar eased on early trade and late Commission House selling, Bache reported.

Cocoa—May 140.00 (139.50), July 142.15 (141.20), Sept. 144.95, Dec. 148.05, March 149.75, May 151.00, July *152.80, Sept. nil.*

Copper—May 82.10 (81.60), June 82.65 (82.00), July 83.00-83.35, Sept. 84.00-84.25, Dec. 84.90-85.10, Jan. 85.20, March 85.50, May 85.80, July 86.10, Sept. 86.00, Dec. 86.65, Jan. 86.75, March 86.95.

*Gold—May 252.80 (248.50), June *254.20 (249.80), July 256.40,* Aug. 258.90, Oct. 263.60, Dec. 268.30, Feb. 273.00, April 277.70, June 282.40, Aug. 287.20, Oct. 292.00, Dec. 296.80, Feb. 301.60.

Potatoes (round whites)—Nov. 62.0 bid-62.4 asked (62.4), March 70.5 bid-*72.0 asked* (71.0), April nil, May 85.0-85.1.

¶Silver—May 839.00 (825.00), June 842.00 (829.00), July 848.50, Sept. 861.50, Dec. 879.30, Jan. 885.00, March 896.40, May 907.80, July 919.20, Sept. 930.60, Dec. 948.40, Jan. 954.10, March. 965.50. Handy and Harman spot 832.40 (833.90).

CHICAGO, May 14.

Lard—Chicago loose 26.75 (same). New York prime steam not available.

Live Cattle—June 72.25-72.17 (73.62), Aug. 71.40-71.60 (72.02), Oct. 70.50-70.65, Dec. 71.20-70.90, Jan. 71.52, Feb. 71.80-71.60, April 71.90-71.80, June 73.00 asked, Aug. 72.40 bid, Oct. 71.80 *asked.* Sales: 37,543.

Live Hogs—June 47.00-46.90 (46.77), July 46.47-46.35 (48.50), Aug. 43.05-43.20, Oct. 40.00-39.90, Dec. 40.95 asked, Feb. 40.70 bid, April 39.10-39.15, June 42.10 asked, July 42.55 asked. Sales: 6,246.

‡‡Maize—May 259¼-259 (261¾), July 268¾-268½ (268), Sept. 269½-269¾, Dec. 271½-271¼, March 279¼-279½, May 285½.

Plywood—May 196.7 (198.5), July 199.9 (200.4), Sept. 201.0, Nov. 200.3, Jan. 202.0 nom., March 204.0 nom., May 204.0 nom., July 204.0 nom., Sept. 204.0 nom.

Pork Bellies—May 51.05 asked-50.80 (50.77), July 50.45-50.35 (50.05), Aug. 48.40-48.35, Feb. 51.85-51.95, March 51.40 bid, May 51.55 asked, July 51.80 asked, Aug. 51.00-50.60 asked. Sales: 5,350.

Shell Eggs—May 51.10 (53.30), June 52.50 (53.90), July 56.20, August nil, Sept. 57.85, Oct. nil, Nov. nil, Dec. 61.78 asked. Sales: 161.

Silver—May 843.0 nom. (826.6), June 846.5-846.0 (831.2), July 854.0, August 860.0-861.0, Oct. 873.0, Dec. 883.5-883.9, *Feb. 894.0, April 905.0, June* 916.0, August 927.0, Oct. 938.0, Dec. 949.0, Feb. 960.0, April 971.0, June 982.5, August 994.0, Oct. 100.55, Dec. 101.70, Feb. 102.65.

‡Soyabeans—May 711-711½ (713), July 726½-727½ (729), August 730½-731, Sept. 718½, Nov. 711½-710½, Jan. 720-721, March 731-731½, May 738½.

‡Soyabean Meal—May 186.50-187.00 (188.20), July 192.00-192.20 (193.00), August 193.40-194.00, Sept. 193.00, Oct. 191.50-191.30, Dec. 192.50-193.00, Jan. 194.00-194.50, March 197.00, May 198.50-199.00, July 199.00-200.00.

Soyabean Oil—May 25.45-25.42 (25.61), July 25.80-25.76 (25.87), August 25.97-25.95, Sept. 26.00-29.95, Oct. 25.75-25.65, Jan. 25.60, March 25.70, May 25.75, July 25.75.

‡Wheat—May 377½ (371½), July 376½-376¼ (368¾), Sept. 379-379½, Dec. 389-389¾, March 398, May 396.

WINNIPEG, May 14. §Rye—May 112.00 asked (113.00 bid), July 133.00 bid (114.50), Oct. 112.60, Dec. 110.60 bid.

§Barley—May 104.20 (103.50), July 94.90 (95.50 asked), Oct. 92.70, Dec. 91.60 bid, March 91.60 asked.

§Oats—May 95.00 (94.50), July 89.00 (89.40 bid), Oct. 87.70 bid, Dec. 86.70 asked, March 86.50 bid.

§Flaxseed—May 322.80 asked (323.00 bid), July 316.80 (318.00 asked), Oct. 306.60 bid, Nov. 305.00 asked, Dec. 293.00 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 196.90 (194.90).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

# EUROPEAN MARKETS

ROTTERDAM, May 14.

U.S. No. 2 Dark Hard Winter wheat 13.5 per cent unquoted. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat June $168, July $168, Aug. $167, Sept. $168, Oct. $169. U.S. No. 2 Northern Spring wheat 14 per cent, May $170, June-July-Aug.-Sept. $171, Oct. $175, Nov. $177.

Maize—U.S. No. 3 corn Yellow July-Sept. $134.75-$135 traded, April $134, May $134, June $134, July-Sept. $135.50, Oct.-Dec. $136, Jan.-March $141.

Rye—U.S. No. 2 Canadian Western unquoted.

Oats—All unquoted.

Soyabeans—U.S. Two Yellow Gulfports June $297.75, July $298.75, Aug.-Sept. $298.75, Oct. $289, Nov. $286.75, Dec. $290.75, Jan. $293.75, Feb. $298.25, March $299.75, April $301.75. Brazil Yellow FAQ unquoted. U.S./Brazil May $298.50. Argentine May $285.50, June $282, July $282.

Soyameal—*44 per cent protein,* U.S. May $238, May-Sept. $238, Nov.-March $240. Brazil pellets afloat $241, May $240.50, June $242, July $242.50, May-Sept. $243.

PARIS, May 14.

Cocoa (FFr per 100 kg)—May 1,402-1,420, July 1,420 bid, Sept. 1,451-1,454, Dec. 1,479-1,485, March 1,490-1,510, May 1,500-1,525. Sales call at two. Accumulative total 218.

Sugar (FFr per 100 kg)—July 918-928, Aug. 939-940, Oct. 975-980, Nov. 975-985, Dec. 1,005-1,010, March 1,035-1,041, May 1,050-1,058, July 1,060-1,074. Sales at call seven.

## INDICES

### FINANCIAL TIMES

| May 11 | May 10 | M'nth ago | Year ago |
|---|---|---|---|
| 274.99 | 276.81 | 272.35 | 245.61 |

(Base: July 1, 1952=100)

### MOODY'S

| May 11 | May 10 | M'nth ago | Year ago |
|---|---|---|---|
| 1063.1 | 1069.0 | 1052.5 | 909.9 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | May 11 | May 10 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 392.12 | 392.34 | 384.29 | 357.96 |
| F'tur's | 396.07 | 396.91 | 384.46 | 347.49 |

(Average 1924-25-26=100)

### REUTERS

| May 14 | May 11 | M'nth ago | Year ago |
|---|---|---|---|
| 1563.5 | 1562.7 | closed | 1461.1 |

(Base: September 18, 1931=100)

# Markets still mindful of adverse economic indicators

## 30-share index falls 7.4 more to 525.4—Gilts also lower

**Account Dealing Dates**

**Option**

| *First Declara- Dealings | tions | Last Dealings | Account Day |
|---|---|---|---|
| Apr. 23 | May 3 | May 4 | May 15 |
| May 8 | May 17 | May 18 | May 30 |
| May 21 | May 31 | June 1 | June 12 |

* "New time" dealings may take place from 9.30 am two business days earlier.

Buyers remained scarce in stock markets yesterday at the start of the second leg of the current trading Account and ahead of details of the new Government's programme in today's Queen's Speech. Official markings of 3,954 measured the lowest level of trade since April 18 last with investors' confidence still undermined by last week's adverse economic indicators and by further Press comment about a long queue of companies wishing to raise fresh capital.

The prospect of inflation being pushed quite soon to 12 per cent because of higher excise duties and VAT, served to further depress British Funds which sustained losses extending to ¾ among the ultra-longs, while continued lack of support left equities vulnerable to small selling. Falls in all FT-quoted industrials outnumbered rises by nearly nine-to-two, with the few outstanding firm features usually reflecting takeover situations, company trading statements or Press tips.

Better - than - expected - first-quarter figures from Unilever in the early afternoon had a steadying effect on leading shares and the FT 30-share index, 8.1 off at the day's lowest at noon, was finally a net 7.4 down at 525.4 for a loss of 33.2 from the all-time peak recorded at the end of the previous Account. Among leading issues, BP fell 24 to 1,110, the day's low, on renewed fears about further tranches of Government-held stock being offered to the public.

The Oil sector generally was also unsettled by suggestions of increased taxation on companies operating in the North Sea, while Composite Insurances awaiting first-quarter results today and tomorrow respectively from Commercial Union and General Accident, remained depressed by the poor performance reported last week by Royals.

Fresh selling of investment currency, generally connected with the Hudson's Bay bid situation, found few institutional operators interested and the premium drifted lower to close nearly three points down at 53¼ per cent. Yesterday's SE conversion factor was 0.8237 (0.8103).

In Traded options, Grand Met. recorded 165 deals out of a total of 929 which compares with Friday's 697 and last week's daily average of 1,126. Other issues to attract attention included Cons. Gold, 157, and Marks and Spencer, 125.

### Composites dull

Not fully recovered from the shock setback in first-quarter profits announced by Royals last week, Composite Insurances continued to lose ground on nervous offerings on fears that Commercial Union and General Accident will also produce poor first-quarter results when they report today and tomorrow; CU dipped 6 to 168p and GA 8 to 238p, while Royals, following the previous week's decline of 35, fell 6 to 392p. Elsewhere, C. E. Heath gave up 7 to 220p in front of today's preliminary results.

Initially showing falls to 10, home banks picked up to close narrowly mixed. Discounts gave a dull performance: Cater Ryder softened 5 to 360p in reaction to the reduced annual earnings, while Alexanders, 268p, and Union, 380p, fell 10 apiece. Merchant banks lost ground with Keyser Ullman 3 down at 68p following adverse publicity. Kleinwort Benson dipped 4 to 148p and Hill Samuel Warrants shed 25 to 525p in a thin market.

Leading Breweries were again depressed by rumours of a rights issue from Grand Met. Bass, 227p, and Whitbread, 135p, eased 4 apiece. Recently firm Wolverhampton and Dudley fell 5 to 312p on profit-taking. Distilleries continued dull on fears of large duty increases in the Budget. Arthur Bell gave up 6 at 180p, while Highland lost 3 at 91p.

Subjected to little selling of consequence, Buildings closed lower on lack of investment enthusiasm. Among the leaders, Blue Circle and Tarmac eased 4 apiece to 328p and 188p respectively. Elsewhere, Press comment drawing attention to the company's property developments stimulated interest in Aberdeen Construction which firmed 4 to 93p and, despite the lower annual profits, Tysons (Contractors) improved a penny to 27p. French Kier however, slipped ½ to 37½p following the annual results. Buying in a thin market lifted Watts Blake Bearne 15 to 175p and renewed support took Aberthaw Cement up 4 to 138p while Press mention prompted a gain of a penny to 64p, after 65½p, in Mallinson-Denny.

Quiet conditions persisted among Chemicals where ICI eased 5 to 392p and Fisons cheapened 2 to 293p, after 290p.

### UDS lower

A Press suggestion that the group will soon announce a £30m rights issue which coincided with the surprise 24-hour postponement of the company's preliminary figures, now due today, created uncertainty in UDS which fell away on nervous offerings to close 4 down at 110p. A firm market of late on hopes of a bid from Lonrho, House of Fraser encountered profit-taking and cheapened 3 to 194p. Burton A dipped 6 to 304p and Marks and Spencer relinquished 2 to 121p. Elsewhere in Stores, Lee Cooper reacted 4 to 293p ahead of tomorrow's preliminary results and Readicut eased 1½ to 55p despite the higher annual earnings. Audiotronic lost 2 to 11p. Reports of a good consumer demand for white goods ahead of the forthcoming Budget buoyed Currys which gained 6 to 204p. James Beattie A hardened a penny to 188p, after 191p, in response to favourable results and still reflecting the record results, Milletts Leisure rose 8 to 192p.

A technical rally in the Electrical leaders left final quotations well above the day's worst. GEC ending 4 off at 430p, after 426p, and Thorn a similar amount cheaper at 468p, after 462p. Helped by weekend Press suggestions of a possible bid, EMI closed a penny firmer at 106p. Elsewhere, conditions were rather quiet with movements generally against holders. Electrocomponents gave up 8 to 442p and Farnell 5 to 533p. Press comment, however, prompted firmness in Racal which firmed 5 to 475p.

Sporadic offerings found the market in the Engineering leaders unwilling. Tubes were particularly dull at 412p, down 14, following the chairman's profit warning. John Brown eased 10 to 563p and falls of around 5 were marked against GKN, 285p, and Hawker, 240p. Interest in secondary issues was at a fairly low ebb, but revived demand in a restricted market left A. Cohen 30 to the good at 285p, while a gain of 10 to 172p in Deritend mainly reflected late support last Friday. Favourable Press mention left Startrite 3 dearer at 155p. By way of contrast, Serck, 3 down at 57p, continued to reflect the setback in the interim profits.

Foods eased on scattered offerings and lack of buying interest. Suggestions of a possible merger with British Home Stores, a penny easier at 270p, left J. Sainsbury 2 cheaper at 338p, after 335p, while small selling clipped 1½ from Tesco, at 76½p, also despite bid rumours. British Sugar eased 7 to 168p on fears of a sale of Government-held interests.

Persistent rights issue rumours prompted fresh weakness in Grand Metropolitan which gave up 6 to 155p. Trust Houses Forte closed 12 down at 171p and Ladbroke 9 off at 200p. In contrast, an investment recommendation stimulated early interest in Brent Walker which touched 87p before settling at 86p for a net gain of 5.

### Unilever pleases

Miscellaneous Industrial leaders started the week on a dull note. Publication of the slightly better-than-expected first-quarter results from Unilever helped quotations close above the day's lowest but falls still ranged to 12. Down 8 immediately in front of the figures, Unilever rallied on them to close 2 dearer on balance at 638p, after 640p. Pilkington closed 12 off at 373p and Reckitt and Colman 8 down at 487p. Elsewhere, Caplan Profile rose 12 to 250p in response to favourable interim results and Polymark International gained 4 to 60p following good preliminary profits.

Motor sectors traded quietly and closed with falls to 4, but Dutton-Forshaw, helped by weekend Press comment, added a fraction at 53p; the annual results are expected on Thursday.

In common with the Oil sector, International Thomson shed 11 to 384p on rumours of increased taxation of North Sea interests. Elsewhere, Marshall Cavendish responded to favourable comment with a rise of 2 at 53p.

Corn Exchange touched 300p before settling at 297p for a net jump of 45p following the announcement that Rothschild Investment Trust had acquired a 29 per cent interest in the company at 301½ per share and had entered discussions that may lead to a full-scale offer. Easier from the outset, Bernard Sunley rallied from 370p to 383p for a net gain of 5 on the sale of its French subsidiary.

Unsettled afresh by a Press suggestion that the North Sea oil tax may be raised, Oil shares remained vulnerable to sporadic offerings. British Petroleum, down 24 more at 1,110p, were also overshadowed again by fears that the Government may sell off part of its holdings in the company. Shell gave up 12 more to 748p, while Tricentrol closed a similar amount lower in secondary issues. Ultramar, 280p, and Siebens (UK), 324p, lost 6 and 10 respectively.

Shippings met with reasonably lively trading. Weekend Press mention on the KCA stake stimulated a rally in Furness Withy which touched 302p before settling at 298p for a net rise of 4. P & O deferred, however, eased a penny to 86p and Common Bros. 3 to 210p. Elsewhere, Milford Docks gave up 6 to 172p.

Widespread losses in Trusts included Philip Hill, 6 off at 215p, and Continental and Industrial a similar amount lower at 237p.

Hugh Mackay featured lacklustre Textiles, adding 4 at 56p after 57p following Press comment highlighting the yield prospects. Buyers also entered for John Crowther, 4 up at 32p.

### Golds firmer

The continued steadiness of the bullion price — finally $1.25 up at $251.375 an ounce following news that the International Monetary Fund is to reduce the amount of gold offered for sale at its monthly auctions from June onwards to 444,000 ounces from the current 470,000 ounces —prompted minor gains in South African Golds.

Share prices edged higher from the outset as Johannesburg, Continental and London buying orders more than offset the fall in the investment currency premium.

The Gold Mines index rose a further 0.6 to 166.4—its highest for nearly two months, while in ex-premium form the index, up 2.8 at 137.1, reached its best level since February 3, 1976.

Most of the buying interest was centred on the medium and lower-priced stocks with the heavyweights attracting modest profit-taking. Among the former, new 1979 highs were attained by Kloof, 8 firmer at 728p, Deelkraal, 8 better at 148p, and Venterspost, 5 up at 246p. Doornfontein added 14 at 342p and Western Areas 11 at 143p.

South African Financials mirrored Golds, Johannesburg buying in a restricted market left Anglo-Vaal a point up at a 1979 high of £13, while De Beers were 7 firmer at 417p.

London Financials, on the other hand, suffered from the further fall in the UK equity market. Selection Trust gave up 10 at 568p, Rio Tinto-Zinc 6 to 326p and Charter 3 to 163p. Gold Fields were an exception, being unchanged on balance at 250p after equalling their 1979 high of 254p. Australians lost ground in idle trading, reflecting the fall in the premium.

### LONDON TRADED OPTIONS

| Option | Ex'rc'se price | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Jan. Closing offer | Jan. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 1100 | 84 | 4 | 106 | 5 | 142 | — | 1110p |
| BP | 1200 | 46 | — | 72 | 2 | 98 | — | " |
| BP | 1300 | 12 | 25 | 42 | 3 | 65 | — | " |
| Com. Union | 160 | 23 | 10 | 28 | — | 33 | — | 170p |
| Com. Union | 180 | 8 | 9 | 10 | 10 | 16 | — | " |
| Cons. Gold | 200 | 59 | 19 | 65 | — | — | — | 249p |
| Cons. Gold | 220 | 40 | 4 | 50 | — | 54 | — | " |
| Cons. Gold | 240 | 25 | 73 | 36 | 1 | 41 | 1 | " |
| Cons. Gold | 260 | 15 | 7 | 26 | 36 | 31 | 16 | " |
| Courtaulds | 100 | 10 | 7 | 12 | — | 15 | — | 105p |
| Courtaulds | 110 | 5½ | 49 | 8 | — | 11 | — | " |
| Courtaulds | 120 | 2 | 5 | 5 | — | 8 | — | " |
| Courtaulds | 130 | 1 | 31 | — | — | — | — | " |
| CEG | 330 | 120 | — | 139 | 2 | — | — | 431p |
| GEC | 390 | 66 | — | 86 | 10 | 110 | — | " |
| GEC | 420 | 43 | 4 | 63 | — | 87 | — | " |
| GEC | 460 | 22 | 52 | 39 | 2 | 61 | 1 | " |
| Grand Met. | 130 | 30 | 10 | 32 | — | — | — | 156p |
| Grand Met. | 140 | 23 | 41 | 24 | — | — | — | " |
| Grand Met. | 160 | 12 | 47 | 18 | — | 26 | — | " |
| Grand Met. | 180 | 6 | 37 | 10 | 33 | [illegible] | — | " |
| ICI | 420 | 10 | 1 | 19 | — | 30 | — | 392p |
| Land Secs | 280 | 35 | 5 | 48 | — | [illegible] | — | 309p |
| Land Secs | 300 | 21 | 10 | 38 | — | [illegible] | — | " |
| Marks & Sp. | 100 | 25 | 1 | 29 | 2 | [illegible] | — | 121p |
| Marks & Sp. | 110 | 18 | 50 | 24 | — | [illegible] | — | " |
| Marks & Sp. | 130 | 8 | 72 | 14 | — | [illegible] | — | " |
| Shell | 700 | 87 | 2 | 103 | — | 132 | — | 749p |
| Shell | 750 | 55 | 2 | 72 | 1 | 100 | — | " |
| Shell | 800 | 32 | 43 | 52 | 14 | 82 | — | " |
| Totals | | | 620 | | 121 | | 18 | |
| | | May | | August | | November | | |
| BOC Intl. | 70 | 11 | — | 15½ | 1 | 18½ | — | 79p |
| BOC Intl. | 80 | 2½ | 15 | 9½ | 22 | 10½ | — | " |
| Boots | 200 | 24 | 1 | 30 | — | 40 | — | 221p |
| Boots | 240 | 1½ | 1 | 8 | — | 17 | — | " |
| EMI | 100 | 11 | 5 | 21 | — | 24 | — | 106p |
| EMI | 110 | 7 | — | 16 | 8 | 19 | — | " |
| EMI | 120 | 3 | — | 11 | 15 | 14 | — | " |
| EMI | 130 | 1 | — | 8 | — | 10 | 10 | " |
| EMI | 140 | ¼ | 2 | 6 | — | [illegible] | — | " |
| EMI | 160 | ¼ | 2 | 1½ | 12 | [illegible] | — | " |
| Imperial GP | 90 | 14½ | — | 18 | — | 21 | 5 | 101p |
| Imperial GP | 100 | 4½ | — | 8½ | 9 | 12 | — | " |
| Impreial GP | 110 | 1½ | 3 | 6 | 8 | [illegible] | — | " |
| RTZ | 300 | 28 | 8 | 56 | — | [illegible] | — | 327p |
| RTZ | 330 | 6 | 1 | 37 | 16 | [illegible] | — | " |
| RTZ | 360 | 3 | — | 23 | 26 | [illegible] | — | " |
| Totals | | | 38 | | 117 | | 15 | |

## FINANCIAL TIMES STOCK INDICES

| | May 14 | May 11 | May 10 | May 9 | May 8 | May 4 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 73.43 | 73.79 | 73.82 | 74.54 | 75.37 | 75.91 | 71.47 |
| Fixed Interest | 76.14 | 76.55 | 76.32 | 76.94 | 77.24 | 77.75 | 72.40 |
| Industrial | 525.4 | 532.8 | 532.7 | 538.9 | 549.1 | 558.6 | 483.0 |
| Gold Mines | 166.4 | 165.8 | 165.2 | 160.9 | 162.8 | 157.8 | 149.2 |
| Gold Mines(Ex-$ pm) | 137.1 | 134.3 | 134.1 | 129.5 | 130.9 | 127.3 | 101.8 |
| Ord. Div. Yield | 5.56 | 5.48 | 5.45 | 5.39 | 5.29 | 5.21 | 5.60 |
| Earnings, Yld. % (full) | 14.92 | 14.70 | 14.60 | 14.43 | 14.15 | 13.92 | 15.58 |
| P/E Ratio (net) (*) | 8.61 | 8.74 | 8.80 | 8.90 | 9.08 | 9.22 | 8.02 |
| Dealings marked | 3,954 | 4,328 | 4,625 | 5,441 | 7,042 | 7,355 | 5,549 |
| Equity turnover £m. | — | 91.53 | 81.21 | 108.38 | 159.20 | 226.87 | 93.80 |
| Equity bargains total | — | 15,524 | 14,611 | 19,361 | 25,233 | 30,313 | 17,882 |

10 am 532.6. 11 am 524.6. Noon 524.7. 1 pm 525.3.
2 pm 524.9. 3 pm 524.9.
Latest index 01-246 8026.
*Nil=8.34.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1979 High | 1979 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 76.91 (4/5) | 64.64 (8/2) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 77.76 (5/5) | 66.03 (15/2) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 558.6 (4/5) | 446.1 (12/2) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 183.8 (8/2) | 129.9 (17/4) | 442.3 (22/5/75) | 43.5 (26/10/71) |
| Gold Mines $ (Ex-pm) | 137.1 (15/5) | 95.2 (2/11) | 337.1 (3/4/74) | 54.3 (25/6/76) |

### S.E. ACTIVITY

| | May 14 | May 11 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 95.8 | 85.9 |
| Industrials | 140.4 | 157.0 |
| Speculative | 35.9 | 36.7 |
| Totals | 90.0 | 98.5 |
| 5-d'y Av'r'ge | | |
| Gilt Edged | 100.8 | 104.0 |
| Industrials | 186.8 | 215.8 |
| Speculative | 36.6 | 35.4 |
| Totals | 115.6 | 130.6 |

## NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

### NEW HIGHS (63)

**COM'WEALTH & AFRICAN LOANS (1)**
S. Rhod. 2½pc '65–70

**BUILDINGS (5)**
Aberdeen Const., Brown & Jackson, Burt Boulton, Mallinson-Denny, Watts Blake

**CHEMICALS (1)**
Norsk Hydro

**STORES (6)**
Beattie (J.) A, Home Charm, Milletts Leisure, NSS News, S. & U. Stores, Do. 25pc Pref.

**ELECTRICALS (2)**
Bowthorpe, Forward Tech.

**ENGINEERING (4)**
Cohen (A.), Deritend, Greenbank, Hall (Matthew)

**FOODS (2)**
Cullens, Cullens A N-V

**HOTELS (1)**
Brent Walker

**INDUSTRIALS (12)**
Amber Inds., Applied Computer T., Caplan Profile, Eleco, G.R. (Hldgs.), Movitex, Polymark, Provl. Laundries, 12pc Cnv. '86-88, Royal Worcs., Siebe Gorman, Stonehill, Utd. Gas Inds.

**LEISURE (1)**
Horizon

**NEWSPAPERS (1)**
Marshall Cavendish

**PAPER (1)**
Ault & Wiborg

**PROPERTY (3)**
Clarke Nickolls, Corn Exchange, Rush & Tompkins

**SHIPPING (3)**
Brit. & Comm., Fisher (J.), Lyle Shipping

**SOUTH AFRICANS (1)**
Unisec

**TEXTILES (4)**
Blackwood Morton, Caird (Dundee), Mackay (Hugh), Textured Jersey

**TOBACCOS (1)**
Dunhill (A.)

**TRUSTS (6)**
Eng. Nat. Inv. Dfd., Family Inv., M. & G. Dual Inc., Scot. Cities A, Tor Inv. Cap., Fashion & General

**RUBBERS (1)**
Bertam Cons.

**MINES (7)**
Deelkraal, Kloof Gold, Venterspost, Anglo-Vaal, Union Corp., Idris, Pengkalen

### NEW LOWS (54)

**BRITISH FUNDS (1)**
Exchqr. 11pc 1991 (£45 pd.)

**FOREIGN BONDS (1)**
Chinese 5pc 1921

**AMERICANS (19)**
American Medical, Bendix Corp., Browning-Ferris, Brunswick Corp., Burroughs Corp., Chrysler, Cont. Oil, Exxon, Firestone Tire, First Chicago, Honeywell, Hutton, Ingersoll-Rand, Owens Illinois, Reliance, Rexnord, Saul (B. F.), Texaco, Time Inc.

**CANADIANS (1)**
Rio Algom

**BANKS (3)**
Algemene, Commerzbank, Deutsche Bank

**STORES (1)**
Audiotronic

**ELECTRICALS (1)**
Lec Refrigeration

**ENGINEERING (5)**
British Northrop, Granges, Hunt & Moscrop, Sanderson Kayser, Thyssen

**INDUSTRIALS (8)**
Avon Rubber, Burndene, Continental Group, Dunbee-Combex, Fairbairn Lawson, Fenner (J. H.), Sumner (F.), Williams (J.)

**INSURANCE (2)**
Howden (A.), Minet

**MOTORS (1)**
Rolls-Royce

**PAPER (3)**
Delyn, Ogilvy & Mather, Smurfit (Jefferson)

**TRUSTS (4)**
G.T. Japan, Jardine Japan, Jersey External, Haw Par

**OILS (2)**
Sceptre Res., Siebens (U.K.)

**TEAS (2)**
Blantyre, Ruo Estates

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 1 | 69 | 13 |
| Corpns., Dom. and Foreign Bonds | 5 | 16 | 43 |
| Industrials | 128 | 552 | 734 |
| Financial and Prop. | 26 | 300 | 181 |
| Oils | — | 27 | 11 |
| Plantation | 8 | 13 | 11 |
| Mines | 28 | 34 | 80 |
| Others | 19 | 80 | 34 |
| Totals | 215 | 1,091 | 1,107 |

## APPOINTMENTS

# Deputy chairman change at T I

Sir St. John Elstub has been appointed non-executive deputy chairman of TUBE INVESTMENTS. Sir St. John, former chairman and chief executive of IMI, has been a director of TI since 1974. He succeeds Mr. J. A. F. Binny who, together with Lord Penney, retired from the Board at the end of the annual meeting yesterday.

*

Mr. Stanley Alfert, a general manager and director of the GRESHAM LIFE ASSURANCE SOCIETY has been appointed joint actuary. He will work in close consultation with the actuary, Mr. John Leighton, and in particular will be responsible for corporate planning, the computer and investment matters. He will report to the chief general manager.

A typographical error on May 9 gave Mr. Alfert the wrong position of joint secretary. In correcting that announcement on May 11, the company was inadvertently called General Life.

*

Mr. James Collis has been appointed director-general of the ASSOCIATION OF MANUFACTURERS OF DOMESTIC ELECTRICAL APPLIANCES from June 4. He was a director of the Rank Organisation and managing director of Rank Radio International until 1974 and more recently a director of Royal Worcester.

*

Sir Geoffrey Howe has resigned from the Board of AGB RESEARCH following his appointment as Chancellor of the Exchequer.

*

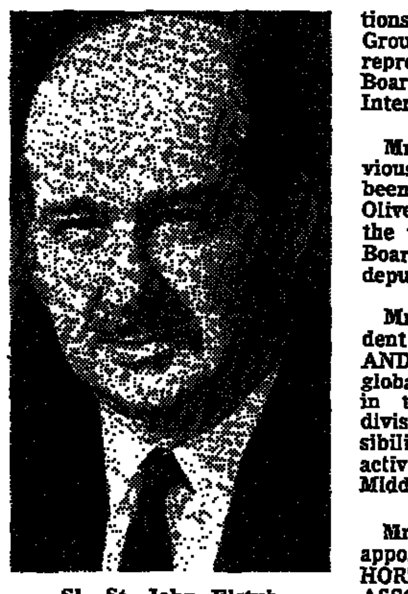
Mr. D. B. Kimber, chairman and chief executive of Austin and Pickersgill, has been appointed a non-executive director of LONDON AND OVERSEAS FREIGHTERS.

*

Mr. Julian Wilson, Mr. Brian G. P. Tapply and Mr. John A. Nitka have been elected to the Board of NATHAN WILSON AND CO.

*

Sir Henry Plumb has been elected a non-executive director of UNITED BISCUITS (HOLDINGS). He is immediate past president of the National Farmers' Union and Conservative candidate for the Cotswolds constituency in the European Parliament election.



Sir St. John Elstub

*

Mr. Peter Fisher, group managing director and deputy chairman of Avon Rubber Company, has become president of the BRITISH RUBBER MANUFACTURERS' ASSOCIATION succeeding Mr. Peter Fatharly.

*

Mr. R. H. Leigh has become chairman and Mr. L. Julius, deputy chairman, of the FURNITURE INDUSTRY RESEARCH ASSOCIATION for 1979-80.

*

Mr. R. K. Postlethwaite has been appointed to the Board of MEARS, a member of the Edmund Nuttall Group and will be in charge of tendering and technical services.

*

Mr. N. J. M. Bennett, director of BAT Industries, is retiring and has resigned his appointment as one of the BAT representatives on the Board of MARDON PACKAGING INTERNATIONAL.

*

Mr. E. J. Worlidge, chief executive — international operations of The Wiggins Teape Group, succeeds him as a representative of BAT on the Board of Mardon Packaging International.

*

Mr. Nicola Colangelo, the previous managing director, has been appointed to oversee 15 Olivetti companies throughout the world. He remains on the Board of British Olivetti as deputy chairman.

*

Mr. Joe Fitzgerald, vice-president of BANK OF AMERICA NT AND SA, has been appointed global coordinator for shipping in the bank's world banking division. He will retain responsibility for the ship lending activities of the bank's Europe, Middle East and Africa division.

*

Mr. Alan Strickland has been appointed director of the HORTICULTURAL TRADES ASSOCIATION.

*

Mr. Ken Bosonnet has been made chairman and chief executive of BRITAX (LEMARK), a part of BSG International. He will continue to be responsible for BRITAX (DYNASAFE) in Bolton. Mr. Frank Whalley has been appointed director and general manager of Britax (Dynasafe).

*

Mr. J. C. Hogg, general manager (London) of the Halifax Building Society has been elected president for 1979-1980 of the CHARTERED BUILDING SOCIETIES INSTITUTE.

*

Mr. J. E. W. Heard, general manager and secretary of the Portman Building Society, has been appointed in-coming deputy president of the Institute.

*

HECHT, HEYWORTH AND ALCAN has made the following Board appointments: Mr. B. F. Mason (managing director of Hecht, Heyworth and Alcan Chemicals), Mr. M. Michower (director—SAFIC Alcan et Cie) and Mr. D. Lambrey de Souza (trader—natural rubber). Mr. Maurice Alcan has resigned his position as president.

*

Mr. Julian R. Martin Smith has been appointed an additional director of the RIVER PLATE AND GENERAL INVESTMENT TRUST and its subsidiary, QUEST SECURITIES.

*

Reliance Knitwear Group has appointed Mr. Tom Boyle, managing director of H. R. HOWARD AND SONS, a subsidiary of the group. He was previously deputy managing director of H. R. Howard.

*

Mr. Duncan Paterson has been appointed finance director of MEYER AND MYER, manufacturers and exporters of chamois leather, foam sponge and associated products for the household and automotive trades.

*

Mr. J. E. Norton has been appointed a director of ROBERT KITCHEN TAYLOR AND CO.



## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| May 15 | May 29 | Aug. 9 | Aug. 21 |
| May 30 | Jun. 11 | Aug. 23 | Sept. 4 |
| Jun. 12 | Jun. 25 | Sept. 6 | Sept. 18 |

*For rate indications see end of Share Information Service*

Calls were dealt in Lofs, Charterhall, BP, P & O, Scottish and Newcastle, Premier Oil, Westland Aircraft, Siebens (UK), Town and City, Marshall Cavendish, Caplan Profile, Lonrho, Grand Met., Tricentrol, Brent Walker and British Land. Puts were completed in House of Fraser, Charterhall and ICI, while doubles were arranged in Scottish and Newcastle, P & O, Shell Transport, Premier Oil and Burmah.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1979 high | 1979 low |
|---|---|---|---|---|---|---|
| BP | £1 | 15 | 1110 | −24 | 1238 | 882 |
| Shell Transport | 25p | 14 | 748 | −12 | 804 | 556 |
| Tricentrol "New" | Nil/pd | 12 | 46pm | −10 | 74pm | 46pm |
| Grand Met. | 50p | 8 | 155 | −6 | 180 | 112 |
| Ultramar | 25p | 8 | 280 | −6 | 318 | 210 |
| Beecham | 25p | 7 | 693 | −5 | 755 | 592 |
| Charterhouse Grp | 25p | 7 | 77 | — | 80 | 58 |
| GEC | 25p | 7 | 430 | −4 | 456 | 311 |
| ICI | £1 | 7 | 392 | −5 | 415 | 346 |
| Rank Org. | 25p | 7 | 268 | −4 | 300 | 236 |
| Reckitt & Colman | 50p | 7 | 487 | −8 | 526 | 445 |
| RTZ | 25p | 7 | 326 | −6 | 362 | 226 |
| Tilling (Thomas) | 20p | 7 | 162 | −5 | 177 | 115 |
| Trafalgar House | 20p | 7 | 80 | — | 85 | 72½ |
| Trust Houses Forte | 25p | 7 | 171 | −12 | 198 | 127 |

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1979 High | 1979 Low | Stock | Closing Price p | + or − | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 116 | F.P. | — | 188 | 127½ | Bakey (John) | 168 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | [illegible] Bridge 10p | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ‡ | F.P. | 16/5 | 167 | 116 | Hunting Assoc. Defd. | 156 | −1 | [illegible] | [illegible] | [illegible] | [illegible] |
| ‡ | F.P. | 6/6 | 106 | 95 | Pentos Defd. | 103 | −2 | [illegible] | [illegible] | [illegible] | [illegible] |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1979 High | 1979 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| 99¾ | F.P. | — | 99¾ | 99⅛ | Cleveland (County of) Var. Rate 1984 | 99½ | ..... |
| ‖ ‖ | — | — | 53⅛ | 52¾ | Eng. Assoc. Sterling Fd. Part. Red. Prf. | 53⅛ | ..... |
| §100 | F.P. | 4/5 | 106½p | 103p | Grant (James) 10½% Pref. | 106½p | +1 |
| 20p | F.P. | 11/5 | 21¼p | 19¾p | How'rd Wyndh'm 9% Cnv. Cum. Red. Prf. | 19¾p | −1 |
| 96 | £50 | 23/5 | 65 | 59½ | ICFC 12½% Uns Ln 1992 | 64 | −1 |
| * | F.P. | 27/7 | 102 | 99 | Lee Valley Water 8% Red. Prf. 1986 | 102 | ..... |
| ** | — | 11/5 | 108p | 104p | Lyles (S.) 11% Cum. Pref. | 104p | −2 |
| 72½ | — | — | 81 | 70½ | MEPC 6½% Conv. Uns. Ln. 1995-2000 | 78 | −2 |
| 100 | F.P. | 11/5 | 118½ | 111 | Slough Ests. 8% Cnv. 1991-94 | 111 | −1 |
| ** | F.P. | 26/4 | 180p | 104p | Tricoville 10¾% Pref. | 104½p | −1½ |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | | 1979 High | 1979 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 12 | F.P. | 27/4 | 18/5 | 20½ | 16½ | Armour Trust | 18 | ..... |
| 185 | F.P. | 5/5 | 6/6 | 257 | 222 | Boatson Clark | 253 | −2 |
| 20 | Nil | 18/5 | 6/6 | 234pm | 212pm | Brent Chemicals | 235pm | ..... |
| 20 | F.P. | 27/4 | 1/6 | 113 | 92 | Crest Nicholson | 106 | −3 |
| 26½ | F.P. | 14/5 | 8/6 | 35½ | 30½ | Davis & Metcalfe 'A' | 32 | −3½ |
| 10 | Nil | — | — | 2½pm | 2pm | Hampton Trust | 2½pm | ..... |
| 185 | F.P. | 23/3 | 18/5 | 256 | 210 | Johnson Matthey | 253 | ..... |
| 5p | F.P. | — | — | 12 | 8 | Maddock | 10 | ..... |
| 34 | F.P. | 24/4 | 12/6 | 59pm | 49pm | Norfolk Cap. Hotels | 49pm | −1 |
| 4 | F.P. | 19/4 | 31/5 | 74pm | 64pm | Park Place Invs. | 64pm | ..... |
| — | — | — | — | 8pm | 7pm | Pullman (R. & J.) | 7pm | ..... |
| 20 | F.P. | 27/4 | 15/6 | 32 | 27½ | Singlo Holdings | 29½ | −1 |
| 175 | Nil | 23/5 | 4/7 | 74pm | 46pm | Tricentrol | 46pm | −10 |
| 100 | F.P. | 27/4 | 18/5 | 128 | 115 | Unicorn Inds. | 125 | −2 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Unlisted security.

# FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section | Mon., May 14, 1979 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 33%) | Est. P/E Ratio (Net) | Fri., May 11 Index No. | Thurs., May 10 Index No. | Wed., May 9 Index No. | Tues., May 8 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (172) | 275.61 | −1.2 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2 Building Materials (27) | 258.28 | −1.6 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 Contracting, Construction (28) | 425.27 | −1.4 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 4 Electricals (14) | [illegible] | −0.9 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 5 Engineering Contractors (12) | [illegible] | −1.3 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 6 Mechanical Engineering (75) | 203.28 | −1.3 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 8 Metals and Metal Forming (16) | 184.09 | −0.9 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 11 CONSUMER GOODS (DURABLE) (52) | 250.51 | −0.7 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 12 Lt. Electronics, Radio, TV (16) | 340.42 | −0.5 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 13 Household Goods (12) | 175.02 | −1.0 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 14 Motors and Distributors (24) | 129.24 | −1.3 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 21 CONSUMER GOODS (NON-DURABLE) (171) | 255.97 | −1.3 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 22 Breweries (14) | 290.67 | −1.2 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 23 Wines and Spirits (6) | 327.57 | −0.8 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 24 Entertainment, Catering (17) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 25 Food Manufacturing (19) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 26 Food Retailing (15) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 32 Newspapers, Publishing (12) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 33 Packaging and Paper (15) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 34 Stores (41) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 35 Textiles (23) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 36 Tobaccos (3) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 37 Toys and Games (6) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 41 OTHER GROUPS (99) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 42 Chemicals (18) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 43 Pharmaceutical Products (7) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 44 Office Equipment (6) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 45 Shipping (10) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 46 Miscellaneous (58) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 49 INDUSTRIAL GROUP (494) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 51 Oils (6) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 59 500 SHARE INDEX | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 61 FINANCIAL GROUP (115) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 62 Banks (6) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 63 Discount Houses (10) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 64 Hire Purchase (5) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 65 Insurance (Life) (10) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 66 Insurance (Composite) (8) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 67 Insurance Brokers (10) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 68 Merchant Banks (14) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 69 Property (42) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 70 Miscellaneous (10) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 71 Investment Trusts (111) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 81 Mining Finance (4) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 91 Overseas Traders (20) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 99 ALL-SHARE INDEX (750) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### FIXED INTEREST PRICE INDICES

| British Government | Mon., May 14 | Day's change % | xd adj. today | xd adj. 1979 to date |
|---|---|---|---|---|
| 1 Under 5 years | 106.69 | −0.07 | — | 3.54 |
| 2 5-15 years | 120.29 | −0.48 | — | 3.15 |
| 3 Over 15 years | 125.59 | −0.55 | — | 5.71 |
| 4 Irredeemables | 133.58 | −0.71 | — | 6.98 |
| 5 All stocks | 116.55 | −0.35 | — | 4.13 |

### FIXED INTEREST YIELDS

| Br. Govt. Av. Gross Red. | Mon., May 14 | Fri., May 11 | Year ago (approx.) |
|---|---|---|---|
| 6 Low Coupons 5 years | [illegible] | [illegible] | [illegible] |
| 7 Low Coupons 15 years | [illegible] | [illegible] | [illegible] |
| 8 Low Coupons 25 years | [illegible] | [illegible] | [illegible] |
| 9 Medium Coupons 5 years | [illegible] | [illegible] | [illegible] |
| 10 Medium Coupons 15 years | [illegible] | [illegible] | [illegible] |
| 11 Medium Coupons 25 years | [illegible] | [illegible] | [illegible] |
| 12 High Coupons 5 years | [illegible] | [illegible] | [illegible] |
| 13 High Coupons 15 years | [illegible] | [illegible] | [illegible] |
| 14 High Coupons 25 years | [illegible] | [illegible] | [illegible] |
| 15 Irredeemables | [illegible] | [illegible] | [illegible] |

| | Mon. May 14 Index No. | Yield % | Fri. May 11 | Thurs. May 10 | Wed. May 9 | Tues. May 8 | Fri. May 4 | Thurs. May 3 | Wed. May 2 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|
| 15 20-yr. Red. Deb & Loans (15) | 61.45 | 12.08 | 61.58 | 61.57 | 61.84 | 61.86 | 61.88 | 61.76 | 61.56 | 57.75 |
| 16 Investment Trust Prefs. (15) | 52.03 | 13.51 | 52.03 | 52.03 | 52.41 | 51.45 | 51.86 | 51.54 | 51.45 | 52.17 |
| 17 Coml. and Indl. Prefs. (20) | 75.11 | 12.45 | 75.32 | 75.32 | 75.91 | 75.60 | 75.60 | 75.60 | 75.00 | 70.52 |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

# AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Gilt Int. Tst. | 108.2 | 113.9 | -0.5 | 3.11 |
| Abbey Capital | 40.4 | 43.0 | -0.6 | 4.16 |
| Abbey Income | 47.2 | 50.2 | -0.6 | 6.06 |
| Abbey Inv. Tst. Fd. | 41.2 | 43.8 | -0.2 | 4.69 |
| Abbey Gen. Tst. | 54.8 | 58.3 | -0.9 | 4.00 |
| Equitas Prog. Tst. | 73.1 | 77.1 | -1.0 | 4.39 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt & Pref. | 99.7 | 104.9 | ----- | 12.22 |

**Allied Hambro Group (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

| | | | | |
|---|---|---|---|---|
| **Balanced Funds** | | | | |
| Allied 1st. | 79.2 | 84.7 | -1.2 | 4.91 |
| Brit. Inds. Fund | 77.7 | 83.1 | -1.3 | 4.81 |
| Grth. & Inc. | 44.5 | 47.6 | -0.7 | 4.62 |
| Elect. & Ind. Dev. | 41.9 | 44.8 | -0.6 | 4.15 |
| Allied Capital | 83.5 | 89.3 | -1.2 | 4.26 |
| Hambro Fund | 128.2 | 137.2 | -1.8 | 4.72 |
| Hambro Acc. Fd. | 147.4 | 157.7 | -2.7 | 4.16 |
| **Income Funds** | | | | |
| High Yield Fd. | 81.9 | 87.6 | -0.9 | 7.59 |
| High Income | 75.9 | 81.3 | -0.9 | 6.55 |
| A. H. Eq. Inc. | 45.0 | 48.2 | -0.4 | 6.64 |
| **International Funds** | | | | |
| International | 25.0 | 26.8 | -0.4 | 3.00 |
| Pacific Fund | 38.7 | 41.4 | -0.2 | 2.15 |
| Secs. Of America | 53.2 | 56.9 | ----- | 2.02 |
| **Specialist Funds** | | | | |
| Smaller Co.'s Fd. | 49.7 | 53.2 | -0.1 | 3.57 |
| 2nd Smlr. Co's Fd. | 61.7 | 66.0 | -0.1 | 3.79 |
| Recovery Sits. | 119.5 | 127.9 | -0.3 | 5.11 |
| Met. Min. & C'dty. | 48.5 | 51.9 | -0.5 | 4.41 |
| Overseas Earnings | 67.2 | 71.9 | -1.0 | 4.03 |
| **Exempt Funds** | | | | |
| Far East Exempt | 44.7 | 46.5 | -0.1 | 3.02 |
| Smaller Co. Exempt | 78.0 | 80.9 | -0.1 | 3.97 |
| U.S.A. Exempt | 94.3 | 98.1 | -0.2 | 2.24 |

**Anderson Unit Trust Managers Ltd.**
158, Fenchurch St., EC3M 6AA. 623 9231

# INSURANCE AND PROPERTY BONDS

# OFFSHORE AND OVERSEAS FUNDS

**N.V. Interbeheer**
P.O. Box 526, Delft, Holland

| | | | | |
|---|---|---|---|---|
| Esmeralda Iss. Pr. DFL | 48.17 | — | ----- | — |

**International Pacific Inv. Mgmt. Ltd.**
P.O. Box R237, 56, Pitt St., Sydney, Aust.

| | | | | |
|---|---|---|---|---|
| Javelin Equity Tst. | A$2.46 | 2.58 | ----- | — |

**J.E.T. Managers (Jersey) Ltd.**
P.O. Box 98, Channel House, Jersey. 0534 73673

| | | | | |
|---|---|---|---|---|
| Jersey Extrnl. Tst. | £1.55 | 1.66 | ----- | — |

As at April 30. Next sub. day May 31.

**Jardine Fleming & Co. Ltd.**
46th Floor, Connaught Centre, Hong Kong

| | | | |
|---|---|---|---|
| Jardine Estn. Tst. | HK$325.50 | ----- | 2.40 |
| Jardine J'pn. Fd.* | HK$385.55 | ----- | 0.90 |
| Jardine S.E.A. | US$17.08 | +0.09 | 2.10 |
| Jardine Flem. Int. | HK$12.82 | -0.07 | 0.80 |
| Intl. Pac. Secs. (Inc.) | HK$13.35 | ----- | 1.30 |
| Do. (Accum.) | HK$13.54 | ----- | — |

NAV May 14. *Equivalent US$76.12. Next sub. day May 15.

**S. G. Warburg & Co. Ltd.**
30, Gresham Street, EC2. 01-600 4555

| | | | | |
|---|---|---|---|---|
| Conv. Bd. May 11 | US$9.61 | | -0.05 | — |
| Eng. Int. May 11 | US$22.49 | | +0.12 | — |
| Gr. St. $Fd. April 30 | $US8.13 | | ----- | — |
| Merc. Ebd. May 9 | US$10.59 | 10.71 | ----- | 0.3625 |
| Merc. MnyMkt. May 14 | £10.73 | 10.74 | ----- | — |

**Warburg Invest. Mngt. Jrsy. Ltd.**
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

| | | | | |
|---|---|---|---|---|
| CMF Ltd. April 26 | US$13.76 | 14.11 | ----- | 2.90 |
| CMT Ltd. April 26 | £14.08 | 14.45 | ----- | 2.80 |
| Metals Tst. April 19 | £15.53 | 15.91 | ----- | 5.46 |
| TMT May 10 | US$10.67 | 10.94 | -0.33 | 2.84 |
| T.M.T. Ltd. May 10 | £10.71 | 10.98 | -0.37 | 1.06 |

**World Wide Growth Management**
10a, Boulevard Royal, Luxembourg

| | | | |
|---|---|---|---|
| Worldwide Gth Fd | US$17.06 | -0.06 | — |

**Wren Commodity Trust**
10, St. George's St., Douglas IoM 0624 25015

| | | | | |
|---|---|---|---|---|
| Wren Commod. Tst. | 30.6 | 30.9 | ----- | — |

## NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

### Five to Fifteen Years

### Over Fifteen Years

### Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

### Public Board and Ind.

### Financial

## FOREIGN BONDS & RAILS

| 1979 High | Low | Stock | Price £ | + or − | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 23 | 22 | Antofagasta Rly. | 22 | ..... | — | — |
| 40 | 39 | Do. 5pc Pref. | 40 | ..... | — | — |
| 98 | 98 | Chilean Mixed | 98 | ..... | — | 13.10 |

## BONDS & RAILS—Cont.

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

## BANKS & HP—Continued

### Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## CHEMICALS, PLASTICS—Cont.

## DRAPERY AND STORES

## ELECTRICAL AND RADIO

## ENGINEERING MACHINE TOOLS

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)


# FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10, Cannon Street, London EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

**EDITORIAL OFFICES**

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 47 8676

**ADVERTISEMENT OFFICES**

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

**SUBSCRIPTIONS**

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

## INDUSTRIALS—Continued

[illegible]

## INSURANCE

[illegible]

## INSURANCE—Continued

[illegible]

## LEISURE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## FINANCE, LAND—Continued

[illegible]

## OILS

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]

### FAR WEST RAND

[illegible]

### O.F.S.

[illegible]

### FINANCE

[illegible]

### DIAMOND AND PLATINUM

[illegible]

### CENTRAL AFRICAN

[illegible]



## MINES—Continued

### AUSTRALIAN

| 1979 High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Grs |
|---|---|---|---|---|---|---|---|
| 14 | 9 | Acmex | 9 | — | — | — | — |
| 171 | 128 | Bougainville 50 Toea | 135 | −4 | Q15c | 1.0 | 6.9 |
| 140 | 84 | BH South 50c | 96 | — | — | — | — |
| 540 | 340 | Central Pacific | 520 | −10 | — | — | — |
| 318 | 220 | Conzinc Riotinto 50c | 248 | — | gQ10c | 2.0 | 2.4 |
| 36 | 21 | Cultus Pacific N.L. | 23 | −1 | — | — | — |
| 21½ | 13½ | Endeavour 20c | 14½ | — | — | — | — |
| 98 | 62 | G.M. Kalgoorlie $1 | 76 | — | Z03c | — | 2.3 |
| 42 | 23 | Hanna Gold N.L. | 28 | +1 | — | — | — |
| 172 | 148 | Hampton Areas 5p | 171 | −1 | 43.55 | 2.0 | 3.1 |
| 57 | 25 | Metals Ex. 50c | 56½ | −½ | — | — | — |
| 275 | 197 | M.I.M. Hldgs. 50c | 218 | −4 | †Q9c | 1.7 | 2.4 |
| 15 | 15 | Minefields Expl. | 15 | — | — | — | — |
| 74 | 38 | Mount Lyell 25c | 50 | −1 | — | — | — |
| 44 | 17 | Newmetal 20c | 18 | — | — | — | — |
| 141 | 100 | North B. Hill 50c | 108 | — | †Q8c | 1.3 | 4.3 |
| 22 | 11 | Nth. Kalgurli | 15 | — | — | — | — |
| 40 | 22 | Nth. West Mining | 24 | +1 | — | — | — |
| 137 | 88 | Oakbridge $A1 | 94 | — | Q12c | 1.9 | 7.4 |
| 37 | 22 | Otter N. L. | 26 | — | — | — | — |
| 120 | 58 | Pacific Copper | 87 | −1 | — | — | — |
| £10¾ | 625 | Pancont'l 25c | 650 | −25 | — | — | — |
| 25¾ | 17½ | Paringa M&Ex. 5p | 18 | −1 | — | — | — |
| 510 | 330 | Peko-Wallsend 50c | 348 | −2 | Q15c | 3.3 | 2.5 |
| 215 | 145 | Southern Pacific | 195 | −5 | — | — | — |
| 188 | 139 | Westn. Mining 50c | 160 | −3 | †Q3c | 0.7 | 1.1 |
| 11 | 9 | Westmex | 10 | — | — | — | — |
| 65 | 50 | Whim Creek 20c | 55 | — | — | — | — |

### TINS

| 1979 High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Grs |
|---|---|---|---|---|---|---|---|
| 30 | 23 | Amal. Nigeria | 28 | −1 | 2.81 | 1.3 | 15.0 |
| 435 | 310 | Ayer Hitam $M1 | 315 | — | Q30.8c | 0.5 | 28.5 |
| 72 | 51 | Beralt Tin | 62 | — | 4.0 | ϕ | 9.6 |
| 270 | 200 | Berjuntai $M1 | 225 | — | †Q110c | 1.0 | 11.6 |
| 160 | 145 | Geevor | 155 | — | H5.57 | 5.8 | 5.4 |
| 10½ | 8 | Gold & Base 12½p | 10½ | — | — | — | — |
| 365 | 295 | Gopeng Cons. | 360 | — | †18.0 | 1.4 | 7.5 |
| 360 | 295 | Hongkong | 360 | — | 12.5 | 2.8 | 5.2 |
| 78 | 64 | Idris 10p | 78 | +6 | 8.0 | ϕ | 15.3 |
| 14 | 9½ | Jantar 12½p | 14 | — | ϕ | — | — |
| 95 | 66 | Kamunting $M0.50 | 88 | −2 | †Q12.5c | 2.1 | 3.1 |
| 620 | 210 | Killinghall $M1 | 335 | — | — | — | — |
| 465 | 365 | Malay Dredging $M1 | 405 | — | †175c | 0.7 | 9.3 |
| 57 | 37 | ΔPahang | 37 | — | — | — | — |
| 112 | 60 | Pengkalen 10p | 112 | +2 | 4.5 | 1.2 | 6.0 |
| 275 | 205 | Petaling $M1 | 268 | — | Q120c | 1.3 | 9.9 |
| 85 | 73 | Saint Piran | 76 | — | †2.03 | 6.5 | 4.0 |
| 58 | 53 | South Crofty 10p | 54 | — | †4.19 | 2.0 | 11.6 |
| 220 | 170 | South Kinta $M0.50 | 200 | — | †sQ145c | 0.6 | 15.6 |
| 405 | 285 | Sthn Malayan $M1 | 370 | — | †Q190c | 1.0 | 11.0 |
| 295 | 210 | Sungei Besi $M1 | 285 | — | mQ65c | 5.3 | 4.9 |
| 75 | 50 | Supreme Corp. $M1 | 55 | — | ZQ10c | — | 3.9 |
| 105 | 94 | Tanjong 15p | 105 | — | 6.60 | 0.8 | 9.4 |
| 115 | 95 | Tongkah H. Tin | 110 | — | †Q24c | 0.7 | 5.0 |
| 280 | 205 | Tronoh $M1 | 260 | — | †Q88c | 1.6 | ‡ |

### COPPER

| 1979 High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Grs |
|---|---|---|---|---|---|---|---|
| 111 | 56 | Messina R0.50 | 108 | — | — | — | — |

### MISCELLANEOUS

| 1979 High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Grs |
|---|---|---|---|---|---|---|---|
| 74 | 54 | Barymin | 66 | +4 | — | — | — |
| 13½ | 10 | Burma Mines 17½p | 10 | — | — | — | — |
| 345 | 170 | Cons. Murch. 10c. | 280 | +10 | — | — | — |
| 410 | 335 | Northgate C$1 | 340 | — | — | — | — |
| 362 | 226 | R.T.Z. | 326xd | −6 | 11.5 | 2.7 | 5.3 |
| 31 | 18 | Robert Mines | 24 | +3 | — | — | — |
| 65 | 40 | Sabina Inds. C$1 | 42 | −1 | — | — | — |
| 880 | 687 | Tara Exptn. $1 | 700 | — | — | — | — |

## GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

| High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Grs |
|---|---|---|---|---|---|---|---|
| $15¾ | $10½ | Buffels R1 | $15¾ | +⅛ | Q190c | ϕ | 14.3 |
| $12¾ | 890c | East Drie R1 | $12¾ | +⅛ | Q115c | 1.6 | 10.8 |
| 520 | 350c | East Rand Prp. R1 | 520 | +5 | Q10c | — | 2.3 |
| $24¾ | $18¾ | F.S. Geduld 50c | $22⅛ | −⅛ | †Q315c | 2.4 | 16.4 |
| $14¾ | $11⅛ | Pres. Brand 50c | $14⅝ | — | †Q150c | 3.2 | 12.2 |
| $14¾ | $10¾ | St. Helena R1 | $14 | −¼ | Q198c | 1.4 | 15.6 |
| 620c | 407c | Stilfontein 50c | 620 | +5 | Q66c | ϕ | 12.3 |
| $27 | $18¾ | Vaal Reefs 50c | $27 | +½ | Q280c | 2.7 | 11.9 |
| $38¾ | $28¾ | West Drie R1 | $38¾ | +¼ | †Q385c | 1.7 | 11.5 |
| $30⅞ | $22¾ | West Hldgs. 50c | $29 | — | †Q415c | 1.4 | 16.8 |
| $13⅝ | $10⅝ | Western Deep R2 | $13½ | +⅛ | Q147½c | 2.1 | 12.5 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

Δ Sterling denominated securities which include investment dollar premium.

[illegible]

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| Stock | Price | + or − |
|---|---|---|
| Albany Inv. 20p | 29 | — |
| Ash Spinning | 105 | — |
| Bertam | 26 | — |
| Bdg'wtr. Est. 50p | 425 | — |
| Clover Croft | 28 | — |
| Craig & Rose £1 | £11½ | — |
| Dyson (R. A.) A | 56 | — |
| Ellis & McHdy | 70 | — |
| Fife Forge | 54 | — |
| Finlay Pkg. 5p | 20 | — |
| Graig Ship. £1 | 235 | — |
| Higsons Brew | 83 | — |
| Holt (Jos) 25p | 269 | — |
| I.O.M. Stm. £1 | 165 | — |
| Pearce (C. H.) | 215 | — |
| Peel Mills | 38 | — |
| Sheff. Refrshmt | 85 | — |
| Sindall (Wm.) | 142 | — |

**IRISH**

| Stock | Price | + or − |
|---|---|---|
| Conv. 9% '80/82 | £92¼ | — |
| Alliance Gas | 103 | — |
| Arnott | 390 | — |
| Carroll (P.J.) | 107 | — |
| Clondalkin | 88 | −2 |
| Concrete Prods. | 100 | — |
| Heiton (Hldgs.) | 75 | +2 |
| Ins. Corp. | 210 | — |
| Irish Ropes | 105 | — |
| Jacob | 38 | — |
| T.M.G. | 215 | −5 |
| Unidare | 86 | — |

## OPTIONS

### 3-month Call Rates

| Industrials | | | |
|---|---|---|---|
| A. Brew | 7 | I.C.I. | 20 |
| BOC Intl. | 6 | "Imps" | 9 |
| B.S.R. | 8 | I.C.L. | 40 |
| Babcock | 14 | Inveresk | 7 |
| Barclays Bank | 32 | KCA | 4 |
| Beecham | 52 | Ladbroke | 18 |
| Blue Circle | 18 | Legal & Gen. | 14 |
| Boots | 18 | Lex Service | 9 |
| Bowaters | 18 | Lloyds Bank | 25 |
| B.A.T. | 28 | "Lots" | 5 |
| Brown (J.) | 50 | London Brick | 7 |
| Burton 'A' | 22 | Lonrho | 9 |
| Cadburys | 5 | Lucas Inds. | 25 |
| Courtaulds | 10 | "Mams" | 18 |
| Debenhams | 8 | Mrks. & Spncr | 9 |
| Distillers | 21 | Midland Bank | 30 |
| Dunlop | 6½ | N.E.I. | 14 |
| Eagle Star | 10 | Nat. West. Bank | 28 |
| E.M.I. | 14 | Do. Warrants | 15 |
| Gen. Accident | 21 | P & O Dfd. | 8 |
| Gen. Electric | 32 | Plessey | 10 |
| Glaxo | 50 | R.H.M. | 5 |
| Grand Met. | 12 | Rank Org. | 25 |
| G.U.S. 'A' | 30 | Reed Intnl. | 16 |
| Guardian | 24 | Spillers | 5½ |
| G.K.N. | 24 | Tesco | 6 |
| Hawker Sidd. | 22 | Thorn | 22 |
| House of Fraser | 15 | Trust Houses | 27 |
| | | Tube Invest. | 30 |

| | |
|---|---|
| Unilever | 55 |
| U.D.T. | 4 |
| Utd. Drapery | 10 |
| Vickers | 17 |
| Woolworths | 6½ |
| **Property** | |
| Brit. Land | 5 |
| Cap. Counties | 7 |
| E.P. | 9½ |
| Intereuropean | 5 |
| Land Secs. | 20 |
| MEPC | 15 |
| Peachey | 13 |
| Samuel Props. | 14 |
| Town & City | 2 |
| **Oils** | |
| Brit. Petroleum | 70 |
| Burmah Oil | 11 |
| Charterhall | 9½ |
| Shell | 48 |
| Ultramar | 24 |
| **Mines** | |
| Charter Cons. | 16 |
| Cons. Gold | 17 |
| Rio T. Zinc | 27 |

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday May 15 1979



# Howe 'astonished' at EEC budget share

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday described the mounting imbalance in Britain's EEC net budget contribution as "wholly unsatisfactory" and called on the Community to decide before the end of this year on action to correct it.

Speaking after his first appearance at an EEC Finance Ministers' council, he said that he viewed the rise in the cost of EEC membership with "a sense of astonishment" which, he believed, ought to be shared by other members of the Community.

The Government had not decided what precise measures it would like taken to improve the situation. His main aim yesterday was to ensure that the budget problem would be on the agenda of all important EEC meetings during the rest of this year, and he was satisfied that he had achieved this objective.

Britain's partners must realise that the imbalance in its net contribution was a serious problem, not just for the UK but for the Community as a whole, because it accentuated divergences in national economic performance which the EEC was seeking to narrow.

He rejected assertions by several other governments, notably the French, that transfers between member states under the EEC budget were too small to have any real effect on national economies.

In substance, much of what Sir Geoffrey said could have been uttered by his predecessor, Mr. Denis Healey. He continued to block, as Mr. Healey had done, a proposal to pay interest rate subsidies on EEC loans promised to Ireland and Italy when they joined the European Monetary System. The UK insists that it should be entitled to similar aid if it decides to join the EMS, but France refuses to accept this demand on the ground that Britain is not one of the EEC's less prosperous countries.

While insisting that the UK will take a tough bargaining position, Sir Geoffrey stressed that the Government approached the EEC from a committed pro-European standpoint. The tone of his remarks was welcomed by a number of the other Ministers, even though some of them do not accept Britain's case for budgetary reform.

Britain's net budget contribution is forecast at £900m this year, rising to more than £1bn in 1980, when the UK may overtake West Germany to become the single largest net contributor. The size of the payment is chiefly due to the fact that the UK contributes heavily towards the Common Agricultural Policy but receives little from it in return.

The European Commission yesterday formally denied Press reports that Mr. Roy Jenkins, its president, had deliberately suppressed a forecast allegedly showing that the UK's net contribution next year would be even greater at about £1.5bn.

While conceding that such a figure had once been mentioned in an internal working paper, the Commission said that it was "out of date and wrong." It added that a meeting at which Mr. Jenkins was alleged to have concealed the higher figures from Mrs. Margaret Thatcher had never taken place.

Meanwhile, the Finance Ministers approved a Commission plan to borrow 500m units of account (about £320m) to fund the first tranche of loans to be made under the new Ortoli loan facility.

The facility, which is authorised to lend up to 1bn units of account will be used to finance energy and infrastructure projects, chiefly in the EEC's poorer regions. The exact form and timing of the borrowings have not yet been decided.

Sir Geoffrey Howe, the Chancellor, is welcomed to the EEC Finance Ministers' meeting by M. Rene Monory, the French Minister of Finance (left).

# Community deficit with Japan could top $8bn

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE EEC deficit on trade with Japan could rise to more than $8bn (£3.9bn) this year from $6.4bn in 1978, Sir Roy Denman, the Commission's Director-General for External Affairs, forecast on his return from consultations between the EEC and Japan in Tokyo.

The talks held last week are part of the preparations which the Community is making for the world economic summit to be held in Tokyo next month.

Sir Roy's prediction of a substantial further deterioration in the EEC's balance of trade with Japan in spite of an expected fall in Japan's overall current account surplus with all its trading partners seems to contradict the more confident assessment given by Herr Wilhelm Haferkamp, EEC Commissioner for External Affairs at a Financial Times conference in Brussels 10 days ago.

Herr Haferkamp said then: "Our bilateral deficit with respect to Japan is no longer growing but is being stabilised at what is still being considered as an excessively high level."

Sir Roy indicated that the EEC and Japan had been unable to agree on the likely near-term development of their bilateral trade balance. The EEC's own forecast is based on trends which have emerged during the first three months of this year and on the assumption that the Yen's relationship with other currencies remains unchanged during the coming months.

In spite of his gloomy prediction for the bilateral trade balance, Sir Roy claimed that he had made "significant progress" in persuading the Japanese authorities to relax administrative restrictions affecting several domestic markets of interest to EEC exporters.

He was, however, unable to say when these changes would come into effect.

Sir Roy declined to say whether the progress achieved last week was sufficient to eliminate the need for retaliatory EEC curbs on Japanese exports, hinted at in an internal working paper which he wrote for the commission several weeks ago.

The council of EEC Foreign Ministers is due to decide at its next meeting on June 12 in Luxembourg the broad lines of the approach which the Community should take towards its trade with Japan.

● The EEC has been taking soundings among banks and finance houses in Tokyo, aimed at assessing the possibilities of making a public borrowing issue on the Japanese capital market.

The issue was broached by M. Francois Xavier Ortoli, the Commissioner in charge of economic and monetary affairs, at last week's talks in Tokyo.

It is thought that the Commission has no specific borrowing plans in mind at present but that M. Ortoli was interested in exploring possibilities for borrowing by the European Coal and Steel Community, Euratom, and to finance the new $1.3bn community lending facility.

Since the start of last year, the EEC has made several private placements with Japanese banks and institutional investors. All of these were denominated in dollars, however.

While Japanese bankers and government officials are believed to have welcomed, in principle, the idea of EEC borrowings on their capital market, they apparently indicated that they would prefer to wait until the recent rate of capital outflows from Japan had abated somewhat.

Editorial Comment, Page 18

# Opposition to bid for U.S. bank mounts

BY STEWART FLEMING IN NEW YORK

POLITICAL OPPOSITION to the Hongkong and Shanghai Banking Corporation's acquisition of 51 per cent of Marine Midland Bank of New York is mounting.

Mr. Robert Farrell, chairman of the New York State Assembly Banking Committee, will introduce legislation into the Assembly today to ban foreign bank acquisitions of New York banks above a certain size.

Mr. Robert Abrams, the Attorney-General of New York State, has said that he finds the prospect of the "distant control" of Marine Midland's deposits and assets "deeply troubling."

Miss Muriel Siebert, the New York State banking superintendent, had strong reservations about the deal, which was proposed a year ago and has already been approved by the Federal Reserve Board in Washington.

Miss Siebert has indicated that she has not decided finally whether to use her powers to block Hongkong and Shanghai's acquisition of one of New York's largest banks. Marine Midland has assets of $12bn (£5.9bn).

She is understood to have sent a lengthy memorandum to the Attorney-General's office outlining her reservations about the deal.

This seems to have stirred Mr. Abrams into public support of certain of Miss Siebert's views. He has issued an official statement expressing anxiety about control of New York State banking assets by an institution beyond the reach of local regulations, and about the threat to "vital concepts of consumer protection."

Similar fears appear to motivate Mr. Farrell. Mr. Douglas Ellner, counsel for the committee, confirmed yesterday morning that a Bill blocking foreign bank aquisitions of New York State banks would be introduced this afternoon.

He indicated that there was concern about the possibility that if Hongkong Bank acquired Marine Midland the foreign bank might drain resources out of communities inland in New York State, where Marine Midland is the largest bank.

# Troubled Australian bank told to seek a merger

BY JAMES FORTH IN SYDNEY

THE BANK of Adelaide has been advised by the Australian Reserve Bank, the country's central bank, to seek a merger in order to overcome the problems of its finance offshoot. This is the first time the reserve bank has been known to step in and advise a problem-hit bank to find a merger partner.

The move is part of a A$60m (£32.5m) rescue operation for Finance Corporation of Australia, the wholly-owned subsidiary of the Bank of Adelaide whose financial problems led the parent bank to cut its dividend for 1978.

The Bank of Adelaide is the smallest of Australia's major trading banks. Its finance subsidiary, which is bigger than the rest of Bank of Adelaide, has something like A$80m of its A$500m loan portfolio tied to problem property investments.

The move by the reserve bank makes it clear that earlier talks among the major trading banks aimed at providing a lifeline for FCA have failed.

A statement from the reserve bank, the Australian Bankers' Association and the Bank of Adelaide disclosed that the major trading banks had refused to resuscitate FCA but had agreed to support the Bank of Adelaide in "view of its importance in the financial system."

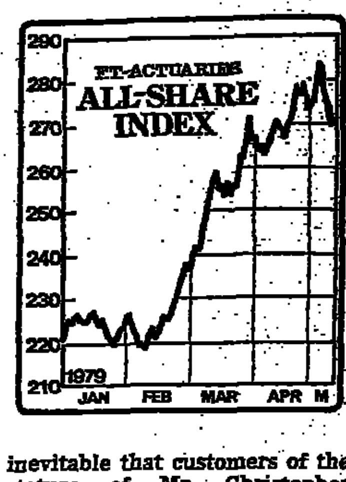
The rescue operation ends months of speculation about the financial health of FCA. The reserve bank has told the Bank of Adelaide not to give FCA any support beyond the substantial amount already provided, and suggested it should merge with a large private trading bank.

Discussions to this end have already taken place and an announcement could be made within a few days. The bank most favoured for the merger vehicle is the largest of Australia's private trading banks, Bank of New South Wales.

## THE LEX COLUMN

# Dividend outlook at Unilever

Index fell 7.4 to 525.4




Unilever's first quarter figures are flattered by comparison with the corresponding 1978 results, which were very poor. All the same, the 23 per cent rise in pre-tax profit to £135.6m is satisfactory, while the operating margin of 5.2 per cent is similar to that of 1977, which had the most normal of recent first quarters.

Volume growth is put at 7 per cent. Roughly speaking, 2 per cent of this came from the acquisition, National Starch, and in the first quarter of 1978 volume had actually fallen. The underlying trend seems to be for 3 per cent. real sales growth, which is whatt he group has been suggesting for the year as a whole.

In 1978 consumer demand in Unilever's main markets increased as the year progressed; this year the group is worried that the pattern may be reversed. The second quarter figures, certainly, will do very well to match the very good 1978 second quarter performance when the benefit of higher consumer spending in Europe came straight through into profits.

Trading in the Unilever Limited shares recently has been increasingly dominated by dividend considerations — a backlog of 50p gross is waiting to be paid when UK dividend controls come off. Once that is out of the way, Unilever would presumably maintain a dividend cover near the 3.3 times on the total dividend declared (not all paid) last year. On the basis of market estimates of roughly £680m before currency changes for 1979 pre-tax profits, this would give a yield of not much below 6 per cent on the current share price of 638p.

Yesterday the shares held up well in a falling market after the figures were announced. But there may be little more excitement to come from Unilever this year, unless sterling weakens and its attractions as an overseas earner come to the fore again. The heady days of February and March when the Limited's shares uncharacteristically outperformed a rising London market—a period brought to an end by switching into NV—have been succeeded by a staider phase.

### Dowgate

Easy come, easy go, if banks like Keyser Ullman were so desperate in 1973 to lend out the money they had gained in freak property deals, it was inevitable that customers of the stature of Mr. Christopher Selmes would pop up with propositions. In the event KU advanced a total of over £21m and was left the proud owners of the most expensive Henry Moore bust in history.

The Department of Trade Inspectors' Report into the Dowgate/CST/Grendon saga is even more graphic than most similar recent official reports on dirty deeds of the financial boom and bust of the early 1970s. Determined lying and cheating by conspirators can, for a time, force self-regulatory bodies like the Takeover Panel to pull their punches.

But it is all very late in coming out, which makes the Inspectors' criticisms of the Panel look more than a little lame. At least self-regulation does not take 5½ years.

Yet there are some important reminders of how fringe operators often rely on examples set by their supposed betters. If Dowgate's rights issue prospectus seemed deficient in information about its plans or even its current commitments, it was only following the normal practice. And if Mr. Selmes' price for Grendon looked imprudent, and turned out to be disastrous, remember that MEPC was prepared to pay more.

### Standard Chartered

Following the Post Office pension fund's objections to the planned increase in Lloyds Bank's authorised share capital, another bank is now risking incurring the pension funds' wrath. In its rights issue document, Standard Chartered Bank, which has doubled the number of its shares in issue over the last 5½ years, is proposing to increase its authorised share capital by another fifth. Even after the latest rights issue the bank still has plenty of unissued capital left. The extraordinary meeting could prove a good arena for the hawkish institutions which want to gain more effective control over the manner in which companies issue their paper.

### Oil shares

Ahead of today's Queen's Speech, oil shares have been a nervous market. There were rumours flying around the City last night that the Government would firmly commit itself to selling off part of BP and/or promise a swingeing increase in Petroleum Revenue tax.

Next month's Budget would seem a better time and place to announce measures such as these, but even so the market's worries about oil shares are understandable. In the early months of the year oil shares forged ahead on the back of the sharp rise in oil prices. By the beginning of May the FT-Actuaries oil share index had risen by 39 per cent compared with a 27 per cent rise in the market. Since then the sector has fallen by over 8 per cent—more than twice as fast as the market.

Some of the reaction reflects profit taking and there are signs of some American selling of BP. However, the two main clouds overhanging the sector currently are the possibility of higher tax rates and a large placing of BP shares. Of the two, the latter is causing the most concern and explains why the BP share price has been performing so sluggishly this year. If the Government sold off 25 per cent of BP it could raise around £1bn at current prices which would make a worthwhile dent in the PSBR.

For a Government committed to cutting personal taxes one of the few sources of extra revenue, without courting electoral unpopularity is in the North Sea. Following the sharp rise in oil prices, higher North Sea taxes seem inevitable.

### S.E. Benevolent Fund

Members are reminded that the collection for the Stock Exchange Benevolent Fund closes on Friday May 18. It would be greatly appreciated if those that have not done so would send in their cheques and covenant payments as soon as possible.

## Weather

### UK TODAY

BRIGHT at first, cloudy later but staying warm in the south.

**London, S.E. England, E. Anglia, Cent. S. England, Midlands, E. England, Channel Islands, Cent. N. England, Highlands, N. Ireland**

Sunny intervals, occasional rain in places. Max 20C (68F).

**S.W. England, Wales, N.W. England, Lakes, IoM, S. Scotland, Glasgow**

Cloudy with rain, becoming brighter later. Max 15C (59F).

● OUTLOOK: Becoming cooler, rain in places.

### WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 20 | 68 | Lisbon | S | 25 | 77 |
| Algiers | S | 21 | 70 | Locarno | S | 21 | 70 |
| Amsdm. | S | 22 | 72 | London | S | 25 | 77 |
| Athens | C | 17 | 63 | Luxmbg. | S | 20 | 68 |
| Bahrain | S | 32 | 91 | Luxor | S | 37 | 99 |
| Barclna. | S | 23 | 73 | Madrid | S | 27 | 81 |
| Beirut | S | 22 | 72 | Majorca | S | 25 | 77 |
| Belfast | C | 14 | 57 | Malaga | S | 24 | 75 |
| Belgrd. | C | 15 | 59 | Malta | R | 15 | 59 |
| Berlin | S | 20 | 68 | M'chstr. | S | 19 | 66 |
| Biarritz | S | 23 | 73 | Melbrne. | R | 11 | 52 |
| Bmghm. | S | 21 | 70 | Milan | S | 22 | 72 |
| Blackpl. | S | 14 | 57 | Mntreal. | C | 17 | 64 |
| Bordx. | S | 20 | 68 | Moscow | S | 19 | 66 |
| Boulgn. | S | 19 | 66 | Munich | F | 16 | 61 |
| Bristol | S | 18 | 64 | Nairobi | C | 20 | 68 |
| Brussels | F | 22 | 72 | Naples | F | 21 | 70 |
| Budpst. | S | 21 | 70 | Nwcstl. | S | 19 | 66 |
| B. Aires | S | 18 | 65 | N. York | S | 14 | 57 |
| Cairo | S | 25 | 78 | Nice | S | 21 | 70 |
| Cardiff | S | 15 | 59 | Nicosia | S | 21 | 70 |
| Cape T. | S | 19 | 66 | Oporto | S | 28 | 82 |
| Chicago | S | 16 | 61 | Oslo | C | 12 | 54 |
| Cologne | S | 22 | 72 | Paris | S | 23 | 73 |
| Cpnhgn. | S | 20 | 68 | Prague | S | 19 | 66 |
| Corfu | C | 20 | 68 | Perth | S | 22 | 72 |
| Dublin | F | 16 | 61 | Reykjvk | C | 4 | 39 |
| Dbrvnk. | F | 19 | 66 | Rhodes | F | 20 | 68 |
| Ednbgh. | C | 16 | 61 | Rio J'o | S | 29 | 84 |
| Faro. | S | 26 | 79 | Rome | F | 24 | 75 |
| Florence | S | 23 | 73 | Salzbrg. | S | 18 | 64 |
| Frankft. | S | 20 | 68 | Singapr. | S | 30 | 86 |
| Funchal | S | 21 | 70 | Stckhm. | F | 18 | 64 |
| Geneva | S | 18 | 64 | Strasbg. | S | 21 | 70 |
| Gibrltr. | S | 23 | 73 | Sydney | S | 16 | 61 |
| Glasgow | C | 13 | 55 | Tehran | S | 20 | 80 |
| G'nsey | S | 20 | 68 | Tel Aviv | S | 22 | 72 |
| Helsinki | C | 11 | 52 | Tenerife | S | 30 | 86 |
| H. Kong | C | 27 | 80 | Tokyo | R | 16 | 60 |
| Innsbrk. | F | 17 | 63 | Toronto | S | 15 | 59 |
| Invrnss. | C | 16 | 61 | Tunis | F | 22 | 72 |
| I.o.Man | C | 9 | 48 | Valencia | S | 24 | 75 |
| Istanbul | C | 17 | 63 | Venice | S | 21 | 70 |
| Jersey | S | 22 | 72 | Vienna | S | 19 | 66 |
| Jo'burg | S | 25 | 78 | Warsaw | S | 18 | 64 |
| L. Plms. | S | 26 | 79 | Zurich | S | 19 | 66 |

C—Cloudy, F—Fair, Fg.—Fog. R—Rain. S—Sunny.

Continued from Page 1

# Power men reject 14%

ments came in spite of a recommendation for acceptance by national union negotiators.

About 85,416 workers in power and transmissions stations throughout the country returned their ballot papers for counting by the Electoral Reform Society. The results showed 19,254 in favour of acceptance and 66,162 against.

Mr. Jack Biggin, national officer for electricity supply in the General and Municipal Workers Union, said that union negotiators would report back to their respective executives to discuss the rejection before any new move was made. But already he was able to identify certain elements in the pay offer which were "totally unacceptable." Chief of these was insufficient new money. Immediate consolidation of bonuses into basic rates was also a major demand.

The joint negotiating committee said consultations would take place within the industry before any new approach was made to Government. Meanwhile there had been "no change" in guidance since this Government took over.

Unofficial shop stewards lobbying yesterday's meeting said they would discuss the ballot results at a national meeting in Doncaster on Saturday when a call was likely to be made for a national delegates' conference oon pay in the industry.

Continued from Page 1

# Keyser loan

the funds of a public company (Dowgate and General Investments) for his own ends."

The inspectors conclude that Dowgate's shareholders were badly misinformed and their interests ignored.

Part of the blame, they say, can be attributed to weaknesses in the various companies acts. They therefore recommend new regulations prohibiting directors from giving unreasonable personal guarantees, tightening up the provisions regarding boardroom minutes, and further disclosure on the means of financing takeovers.

They also want stronger powers for future investigations by the Department of Trade. In particular, they want the right to call witnesses outside the companies involved and to hear their evidence under oath.

# Computerised phone system in £1m launch

BY MAX WILKINSON

THE LAUNCHING of System X, the Post Office's new family of computerised telephone exchanges, will cost £1m, when it is unveiled at the world telecommunications exhibition at Geneva in September.

This will be the showcase from which the three British telecommunications manufacturers will hope to mount their export drive for the 1980s.

Money for the exhibition is being put up jointly by the Post Office and the three companies, Plessey, Standard Telephones and Cables and the General Electric Company.

Sir William Barlow, chairman of the Post Office, said the development programme for System X had been brought forward by a year, and the accelerated development was on schedule.

A working model of a System X exchange will be demonstrated in Geneva and the Post Office expects to have its first system connected to the network by 1981.

Sir William said he was optimistic about the prospects of selling System X overseas. He believed it would be highly competitive with rival computerised exchange systems which would be on the market in the early 1980s.

The new system has cost £150m to develop. It was a computer to control the sequence of switches for connecting a call.

The sound waves of a telephone caller are converted to a series of pulses at the rate of many millions per second. These batches of pulses can be switched to different destinations by microscopic circuits in the heart of a computer. The telephone numbers can be sent along the same wires as the coded speech. Telex, computer data and other digital information can all be handled by the same system without modification.

In Europe, the French CIT-Alcatel's E10 system, Swedish Ericsson's digital version of its AXE system and ITT's prototype System 12 will be the main competitors. The first two have already been installed for customers. Thomson CSF in France now also has a fully digital system and Siemens in Germany is developing one for the Bundespost. Philips of Holland has a computer controlled system called the PRX.

Sir William said the Post Office requirement for switching equipment was running at £250m a year. This would continue for the forseeable futre and would provide a sound basis for the manufactures of System X.

Mr. John Sharpley, managing director of British Telecommunications Systems, the joint marketing organisation set up b ythe Post Office and the manufacturers, says a target of 10 per cent of the available world market would imply £100m a year of exports.

He says there has already been considerable interest expressed by potential customers, although BTS is not yet in a position to sell equipment. The "Mark 2" of System X, designed for export, will probably not be available until the mid-1980s.

However it is said that BTS will be able to canvass for orders much earlier because of the long lead times between initial specification and the purchase of switching equipment.



Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.